AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

CONVENIENCE TRANSLATION INTO ENGLISH OF SEPARATE FINANCIAL STATEMENTS WITH LIMITED AUDITORS' REPORT FOR THE PERIOD JANUARY 1, 2022 – JUNE 30, 2022

KPMG Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
İş Kuleleri Kule 3 Kat:2-9
Levent 34330 İstanbul
Tel +90 212 316 6000
Fax +90 212 316 6060
www.kpmg.com.tr

Independent Auditor's Report on Review of Separate Interim Financial Information

To the Board of Directors of Akfen Gayrimenkul Yatırım Ortaklığı Anonim Şirketi

Introduction

We have reviewed the accompanying separatestatement of financial position of Akfen Gayrimenkul Yatırım Ortaklığı Anonim Şirketi (the ''Company'') as at 30 June 2022, and the separate statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six month period then ended, and notes to the interim financial information ("the separate interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with Turkish Accounting Standard 34 *Interim Financial Reporting* ("TAS 34") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibility is to express a conclusion on this separate interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Standard on Review Engagements 2410, *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity".* A review of separate interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying separate interim financial information is not prepared, in all material respects, in accordance with TAS 34.

Other Matter

The financial statements of the Company as at and for the year ended 31 December 2021 were audited and the separate interim financial information as at and for the six-month period ended 30 June 2021 were reviewed by another auditor who expressed an unmodified opinion on 27 January 2022 and unmodified conclusion on 2 August 2021, respectively.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

H.Nesrin Tuncer, SMMM
Partner
2 August 2022
İstanbul, Türkiye

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

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AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

SEPARATE STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2022

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

ASSETS	Notes	*Reviewed* June 30, 2022	*Audited* December 31, 2021
CURRENT ASSETS		**97,755,750**	**95,561,692**
Cash and cash equivalents	4	33,197,457	45,341,273
Trade receivables		41,504,492	29,180,871
- Trade receivables from related parties	3,7	*3,870,166*	*7,193,452*
- Trade receivables from third parties	*7*	*37,634,326*	*21,987,419*
Other receivables		8,600,398	2,794,338
- Other receivables from third parties	*8*	*8,600,398*	*2,794,338*
Prepaid expenses	17	6,446,835	1,057,515
Other current assets	18	8,006,568	17,187,695
NON-CURRENT ASSETS		**4,419,559,281**	**3,455,627,514**
Financial investments		322,123,912	322,123,912
- Subsidiaries and affiliates	9	*322,123,912*	*322,123,912*
Trade receivables		218,798,118	161,876,961
- Trade receivables from related parties	*3,7*	*218,798,118*	*161,876,961*
Other receivables		161,866	14,793,993
- Other receivables from third parties	*8*	*161,866*	*14,793,993*
Derivative instruments		59,803,901	-
- Derivative instruments for hedging	*6*	*59,803,901*	-
Investment properties	*10*	3,808,629,717	2,941,512,905
Property, plant, and equipment	11	2,980,260	4,085,362
Intangible assets		37,929	46,339
- Other intangible assets	*12*	*37,929*	*46,339*
Prepaid expenses	17	2,954,122	3,713,799
Other non-current assets	18	4,069,456	7,474,243
TOTAL ASSETS		**4,517,315,031**	**3,551,189,206**

The accompanying notes form an integral part of these separate financial statements.

CONVENIENCE TRANSLATION INTO ENGLISH OF STATEMENT OF FINANCIAL POSITION ORIGINALLY ISSUED IN TURKISH

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

SEPARATE STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2022

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

		Reviewed	***Audited***
LIABILITIES	**Notes**	**June 30, 2022**	**December 31, 2021**
CURRENT LIABILITIES		**95,494,678**	**84,700,706**
Current portion of non-current borrowings		84,078,827	73,272,135
- Bank loans	*5*	*77,506,302*	*64,632,858*
- Lease liabilities	*5*	*6,572,525*	*8,639,277*
Trade payables		9,402,727	5,547,706
- Trade payables to related parties	*3,7*	*3,951,507*	*3,429,269*
- Trade payables to third parties	*7*	*5,451,220*	*2,118,437*
Other payables		592,410	4,690,114
- Other payables to third parties	*8*	*592,410*	*4,690,114*
Deferred revenue	17	1,062,926	1,058,440
Current provisions		357,788	132,311
- Current provisions for employee benefits	*16*	*357,788*	*132,311*
NON CURRENT LIABILITIES		**888,843,681**	**792,809,670**
Non-current borrowings		878,631,409	776,751,211
- Bank loans	*5*	*839,782,701*	*740,401,291*
- Lease liabilities	*5*	*38,848,708*	*36,349,920*
Trade payables		9,747,404	10,477,760
- Trade payables to related parties	3,7	*9,747,404*	*10,477,760*
Derivative instruments		-	5,169,338
- Derivative instruments for hedging	6	-	*5,169,338*
Deferred revenue	17	52,250	52,250
Non-current provisions		412,618	359,111
- Non-current provisions for employee benefits	*16*	*412,618*	*359,111*
EQUITY		**3,532,976,672**	**2,673,678,830**
Paid in capital	19	1,300,000,000	1,300,000,000
Inflation adjustments on capital	19	317,344	317,344
Share premium	19	224,652,687	224,652,687
Restricted reserves appropriated from profits		6,178	6,178
- Legal reserves	*19*	*6,178*	*6,178*
Retained earnings		1,148,702,621	69,185,822
Net profit for the period		859,297,842	1,079,516,799
TOTAL LIABILITIES		**4,517,315,031**	**3,551,189,206**

The accompanying notes form an integral part of these separate financial statements.

CONVENIENCE TRANSLATION INTO ENGLISH OF STATEMENT OF FINANCIAL POSITION ORIGINALLY ISSUED IN TURKISH

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED JUNE 30, 2022

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated)

		Reviewed	*Not Reviewed*	*Reviewed*	*Not Reviewed*
PROFIT OR LOSS	**Notes**	**January 1-June 30, 2022**	**April 1-June 30, 2022**	**January 1-June 30, 2021**	**April 1-June 30, 2021**
Revenue	*20*	76,483,665	43,362,906	13,046,261	6,242,701
Cost of sales (-)	*20*	(3,122,741)	(1,615,020)	(1,094,486)	(549,956)
GROSS PROFIT		**73,360,924**	**41,747,886**	**11,951,775**	**5,692,745**
General administrative expenses (-)	*21*	(4,505,464)	(1,916,912)	(2,703,648)	(1,174,330)
Selling and marketing expenses (-)		-	-	(1,111)	(1,111)
Other operating income from operating activities	*22*	865,803,058	865,687,802	1,777	1,777
Other operating expenses from operating activities (-)	*22*	(132,434)	(84,177)	(743,180)	(706,905)
PROFIT FROM OPERATING ACTIVITES		**934,526,084**	**905,434,599**	**8,505,613**	**3,812,176**
Financial income	*23*	72,124,847	35,752,816	3,228,905	1,621,209
Financial expenses (-)	*24*	(147,353,089)	(65,099,738)	(150,014,338)	(62,549,525)
PROFIT/(LOSS) BEFORE TAX		**859,297,842**	**876,087,677**	**(138,279,820)**	**(57,116,140)**
Tax income		-	-	43,228,401	43,228,401
- Deferred tax income	*25*	-	-	*43,228,401*	*43,228,401*
PROFIT/(LOSS) FOR THE PERIOD		**859,297,842**	**876,087,677**	**(95,051,419)**	**(13,887,739)**
Earnings/(loss) per share (Full TRY)	*26*	0.66	0.67	(0.29)	(0.04)
Diluted earnings/(loss) per share (Full TRY)	26	0.66	0.67	(0.29)	(0.04)

The accompanying notes form an integral part of these separate financial statements.

CONVENIENCE TRANSLATION INTO ENGLISH OF STATEMENT OF FINANCIAL POSITION ORIGINALLY ISSUED IN TURKISH

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

SEPARATE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED JUNE 30, 2022

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

							Accumulated profits		
	Issued capital	**Inflation adjustment to share capital**	**Additional capital contribution of shareholders**	**Treasury shares**	**Share premium**	**Restricted reserves allocated from profits**	**Retained earnings**	**Net (loss)/profit for the period**	**Total equity**
Balance as of January 1, 2021	**184,000,000**	**317,344**	**20,702,778**	**(9,991,969)**	**58,880,000**	**9,996,116**	**171,020,137**	**(241,747,303)**	**193,177,103**
Transfers	-	-	(20,702,778)	-	-	-	(221,044,525)	241,747,303	-
Capital increase	160,646,332	-	-	-	526,412,166	-	-	-	687,058,498
Merger effect (Note 2.6)	-	-	-	-	25,050,000	2,031	109,218,241	-	134,270,272
Increase/(decrease) through treasury share transactions (Note 19)	-	-	-	9,991,969	16,437,579	(9,991,969)	9,991,969	-	26,429,548
Total comprehensive loss	-	-	-	-	-	-	-	(95,051,419)	(95,051,419)
Balance as of June 30, 2021	**344,646,332**	**317,344**	**-**	**-**	**626,779,745**	**6,178**	**69,185,822**	**(95,051,419)**	**945,884,002**
Balance as of January 1, 2022	**1,300,000,000**	**317,344**	**-**	**-**	**224,652,687**	**6,178**	**69,185,822**	**1,079,516,799**	**2,673,678,830**
Transfers	-	-	-	-	-	-	1,079,516,799	(1,079,516,799)	-
Total comprehensive income	-	-	-	-	-	-	-	859,297,842	859,297,842
Balance as of June 30, 2022	**1,300,000,000**	**317,344**	**-**	**-**	**224,652,687**	**6,178**	**1,148,702,621**	**859,297,842**	**3,532,976,672**

The accompanying notes form an integral part of these separate financial statements.

AKFEN GAYRİMENKUL YATIRIM ORTAKLIĞI ANONİM ŞİRKETİ

SEPARATE STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED JUNE 30, 2022

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated)

	Notes	*Reviewed* January 1 - June 30 2022	*Reviewed* January 1 - June 30 2021
A. Cash flows from operating activities			
Profit/(loss) from continuing operations		**859,297,842**	**(95,051,419)**
Adjustments to reconcile profit/(loss):			
Adjustments for depreciation and amortisation expense	20, 21	1,123,581	49,043
Adjustments for provisions related with employee benefits	16	278,984	82,643
Adjustments for fair value gains		(930,661,041)	-
- Adjustments to fair value gains of investment properties	22	*(865,687,802)*	-
- Adjustments for fair value gains of derivative financial instruments	23	*(64,973,239)*	-
Adjustments for impairment loss		26,209	4,361
Adjustments for interest income and expense	23, 24	25,180,200	26,190,944
Adjustments for unrealised foreign exchange losses		104,636,881	120,037,086
Adjustments for tax incomes	25	-	(43,228,401)
		59,882,656	**8,084,257**
Changes in working capital:			
Adjustments for increase in trade accounts receivable		(31,260,911)	(8,584,752)
Adjustments for increase in other receivables related with operations		(1,497,232)	-
Adjustments for decrease in trade accounts payable		3,124,665	1,695,882
Adjustments for (decrease)/increase in other operating payables		4,900,528	74,996,697
Other adjustments for other increase in working capital		7,956,270	1,381,179
Cash flows from operations		**43,105,976**	**77,573,263**
Tax refund		6,064,008	-
Net cash flows from operating activities		**49,169,984**	**77,573,263**
B. Cash flows from investing activities			
Cash outflows arising from purchase of shares or capital increase of associates and/or joint ventures		-	(506,051,343)
Cash outflow from purchase of property, plant, equipment, and intangible assets	11,12	(10,069)	(34,805)
Cash outflows from acquition of investment property	10	(542,198)	(26,500)
Cash flows used in investing activities		**(552,267)**	**(506,112,648)**
C. Cash flows from financing activities			
Cash inflows from capital advances		-	450,000,002
Cash inflows from sale of acquired entity's shares		-	26,429,548
Cash outflows for loan repayments	5	(34,308,680)	(5,450,818)
Cash outflows for payments of lease liabilities	5	(4,734,454)	(2,876,992)
Interest paid	5	(21,853,269)	(30,823,854)
Interest received		133,847	216,314
Net cash flows (used in)/from financing activities		**(60,762,556)**	**437,494,200**
Net (decrease)/increase in cash and cash equivalents		**(12,144,839)**	**8,954,815**
Cash and cash equivalents at the beginning of the period	4	45,343,833	6,810,749
Cash and cash equivalents at the end of the period	**4**	**33,198,994**	**15,765,564**

The accompanying notes form an integral part of these separate financial statements.

1. ORGANIZATION AND OPERATIONS OF THE COMPANY

Akfen Gayrimenkul Yatırım Ortaklığı AŞ ("the Company" or "Akfen GYO") was restructured as a real estate investment trust by transforming Aksel Turizm Yatırımları ve İşletmecilik AŞ ("Aksel"). Aksel was originally established on June 25, 1997 for the purpose of undertaking investments in domestic tourism sector under the partnership of Hamdi Akın and Yüksel İnşaat A.Ş. Subsequently, Akfen Holding AŞ, ("Akfen Holding") purchased shares of Yüksel İnşaat A.Ş. in 2006 and the Company became a subsidiary of Akfen Holding.

The restructuring was completed subsequent to the Board of Directors resolution dated April 25, 2006 and Capital Markets Board of Turkey's ("CMB") approval numbered 31/894 and dated July 14, 2006 with the result of the Company's conversion to "Real Estate Investment Trust" registered on August 25, 2006. The change of title and activities was published on Official Trade Gazette on August 31, 2006.

On August 6, 2018, 1000 A group and 1000 D group privileged shares of Akfen REIT belonging to Akfen Holding were transferred to Hamdi Akın, who is the indirect final owner of the management control of these shares.

The Company's main operations and activities are investing in real estates, real estate projects and other capital markets instruments, as described on CMB Communiqué Series: III No: 48.1, Clause 5, 23 and 25 regulating Real Estate Investment Trusts. The Company has signed a framework agreement with ACCOR S.A., one of the world's leading hotel chains, in 2005 to develop hotel projects in Turkey under the Novotel and Ibis Hotel brands. The Company is mainly developing hotels with Ibis Hotel and Novotel trademarks and leasing the hotels to Tamaris Turizm A.Ş. which is a 100% owned subsidiary of ACCOR S.A. operating in Turkey.

The Company was enlisted on Istanbul Stock Exchange (ISE) on May 11, 2011.

On February 21, 2007, the shares of Akfen Gayrimenkul Ticareti ve İnşaat A.Ş. ("Akfen GT"), a subsidiary of Akfen Holding, have been transferred to the Company with a nominal value. Akfen GT's main operations are also are investing in real estates, forming real estate portfolio and develop real estate projects. Akfen GT which is 100% owned subsidiary of Akfen GYO has 286 rooms Merit Park Hotel operating in the Turkish Republic of Northern Cyprus (TRNC).

Akfen GT has 97.8% share of YaroslavlInvest Limited Company("YaroslavlInvest"), Samstroykom Limited Company ("Samstroykom") and KaliningradInvest Limited Company ("KaliningradInvest"), which has hotel investments in Russia and 96.17% of Volgastroykom Limited Company ("Volgastroykom"), where the office investment in Russia is located, and 100% of Severnyi Avtovokzal Limited Company ("Severnyi"), which has a hotel investment in Moscow. The main fields of activity of these companies are to realize hotel and office projects in Russia.

1. ORGANIZATION AND OPERATIONS OF THE COMPANY (cont'd)

The Company has established a subsidiary, Akfen Karaköy Otel Yatırımları A.Ş. ("Akfen Karaköy"), to develop a hotel project in Istanbul Karaköy on May 31, 2011. After the capital increase on May 18, 2018, the Company's direct and indirect ownership interest in Akfen Karaköy increased from 69.99% to 91.47%.

The transfer of Bulvar Loft agreement signed with İller Bankası A.Ş. ("İller Bankası") and Akfen Construction related to the Land Sales Counterpart Revenue Sharing Work of the 120573 Island 1 Parcel in the size of 36,947 m^2 at the Kızılcaşar Quarter of the Ankara Province Gölbaşı District, to the joint venture (Akfen GYO 99% - Akfen İnşaat 1%) established by Akfen GYO and Akfen İnşaat has been approved by İller Bankası. Within this scope, incorporation of Akfen İnşaat Turizm ve Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. joint venture ("Joint Venture") was completed on November 9, 2017 and all rights and liabilities regarding to Bulvar Loft project has been transferred to the Joint Venture.

As of February 9, 2021, all shares of Masanda Turizm Yatırım A.Ş. ("Masanda Turizm") belonging to Akfen Altyapı Holding A.Ş, ("Akfen Altyapı") registered in Muğla province, Bodrum district, Göl Mahallesi, block 112, parcel 4 to make and operate tourism investments and in Bodrum with the right of construction from the Ministry of Culture and Tourism, which has a tourism operation certificate and a 5-Star Holiday Village investment with a capacity of 92 rooms and 184 beds, on the allocated land, were purchased for 235 million TRY and Isparta Yurt Yatırımları A.Ş. ("Isparta Yurt") shares, which has dormitory investments registered in Isparta City Central Province, in Istiklal 2 District, island 9, parcel 112 with a bed capacity of 4032, and registered in Kütahya City Central District in Civli District, 102 island, 2 parcel with 3200 bed capacity, were purchased from Akfen İnşaat for 215 million TRY.

At the Company's Board of Directors meeting dated June 1, 2021; in accordance with Capital Markets Law No. 6362, Communiqué No. II-23.3 on Common Principles and Separation Rights of the Capital Markets Board ("CMB") on Significant Transactions, Communiqué on Mergers and Divisions No. II-23.2 and other relevant regulations of the CMB, Turkish Commercial Code No. 6102, Corporate Tax Law No. 5520 and other relevant legislation; it has been decided that Isparta Yurt and Masanda Turizm of which it is the sole shareholder, by being taken over as a whole with all its assets and liabilities, will be merged within the company in a simplified approach. Pursuant to the provisions of the relevant legislation, the Merger Agreement and Announcement Text were prepared, and an application was made to the CMB on June 3, 2021 for the approval of the Announcement Text and the application was approved by the CMB on June 24, 2021.The merger was registered on June 30, 2021 and the process was completed and Isparta Yurt Yatırımları A.Ş. and Masanda Turizm Yatırımları A.Ş. was taken over by Akfen GYO with all its assets and liabilities.

As of March 29, 2021, Akfen GYO, has been purchased 51% shares of Fıratcan İnş. Turz. Tic. A.Ş. ("Fıratcan Tourism") which has the right to lease the Söğütlüçeşme train station in Istanbul, Kadıköy, within the scope of the High-Speed Train Station Project for 2 years of permission and license, 2 years of construction period and 25 years to operate according to the Lease Contract for Construction Containing Areas signed with TCDD in amount of TRY 58,375,000 (EUR 6,200,000). In this context, the Company has undertaken the Söğütlüçeşme High Speed Train Station Project to TCDD, and viaduct, train station, commercial area and parking lot will be built within the scope of the project.

The Company is registered in Levent Loft, Büyükdere Caddesi, C Blok No: 201, Kat: 8, Daire: 150, Levent - İstanbul address. As of June 30, 2022, the number of employees of the company is 9 (December 31, 2021: 9).

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1. Basis of preparation

a Statement of compliance

The accompanying separate financial statements are in accordance with the provisions of the Capital Markets Board's ("CMB") "Communiqué on Principles Regarding Financial Reporting in the Capital Markets" ("Communiqué"), Serial II-14.1, published in the Official Gazette dated June 13, 2013 and numbered 28676. The reporting formats described in the "Financial Statement Samples and Usage Guide" published by the Public Oversight Accounting and Auditing Standards Authority ("POA") in accordance with the 5th Article of the Communiqué on May 20, 2013 and published with the decision number 30 on June 2, 2016 and subsequently TFRS-15 Revenue from Contracts with Customers, together with the changes in TFRS-9 Financial Instruments and TFRS-16 Leases standards, has been presented in accordance with the updated TAS taxonomy published under the name of "2019 TFRS", which was announced to the public on April 15, 2019. Turkey Accounting Standards, Turkey Financial Reporting Standards ("TFRS") and contains additional and comments on them. According to the related communiqué, investment trusts that are obliged to prepare consolidated financial statements are obliged to prepare annual and interim individual financial statements together with their annual and interim consolidated financial statements.

In the individual financial statements, the subsidiaries, joint operations, affiliates, and joint ventures of the Company are not consolidated and are reflected in the individual financial statements as financial investments in accordance with TAS 27 "Individual financial statements" and by deducting the provision for impairment, if any, from the acquisition costs.

The Company, in accordance with the Financial Reporting Standards Turkey also prepares the consolidated financial statements prepared as of June 30, 2022. Therefore, the attached individual financial statements should be examined together with the consolidated financial statements of the Company prepared as of June 30, 2022, in order to obtain comprehensive information about the financial status of the Company on December 31, 2021 and June 30, 2021 and the financial performance and cash flows of the year ending on the same date.

The Company keeps its accounting records pursuant to Turkish Commercial Code and ("TCC") and Turkish Taxation Legislation within the framework of "the Uniform Chart of Accounts" published by the Ministry of Finance

In the announcement published by the Public Oversight Accounting and Auditing Standards Authority on January 20, 2022, it is stated that TAS 29 Financial Reporting in Hyperinflationary Economies does not apply to the TFRS financial statements as of December 31, 2021. No new announcement has been made by the POA regarding the application of inflation accounting, and in this respect, financial statements as of June 30, 2022 are not adjusted for inflation in accordance with TAS 29.

b Compliance with TAS

According to the Communique of CMB, the accompanying separate financials are prepared in accordance with Turkish Accounting Standards ("TAS") issued by Public Oversight Accounting and Auditing standards Authority of Turkey("POA"). TAS is composed of Turkish Accounting Standards, Turkish Financial Reporting Standards, appendixes, and interpretations.

The accompanying individual financial statements as of June 30, 2022 have been approved by the Company's Board of Directors on August 2, 2022. General assembly and related legal institutions have right to correct related financial tables and financial tables according to legal statue.

c Functional and presentation currency

The presentation currency of the accompanying financial statements is TRY and all financial information presented in TRY unless otherwise stated. All other currencies are stated full unless otherwise stated.

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont'd)

d Subsidiaries/Affiliates

The Company, in the separate financial statements, recognizes its investments in subsidiaries at their cost value by discounting impairment value, if any.

The table below shows Akfen GYO's ownership ratio in subsidiaries as of June 30, 2022 and December 31, 2021:

	Direct or indirect shares of the Company (%)	
The Company	**June 30, 2022**	**December 31, 2021**
Subsidiaries		
Akfen GT	100.00	100.00
Severnyi	100.00	100.00
Yaroslavl Invest, KalingradInvest, Samstroykom	97.80	97.80
Volgastroykom	96.17	96.17
Akfen Karaköy	91.47	91.47
Affiliates		
Fıratcan İnşaat	51.00	51.00

e Joint ventures

Jointly controlled entities arise where the parties to the arrangement have joint control over the assets and liabilities related to the agreement. A joint activity participant is assessed according to the asset, liability, revenue, and cost of ownership. Income, liabilities, equity items, income and expense accounts and cash flow statements of joint activities are included in the financial statements by proportionate consolidation method and these intercompany transactions, balances and unrealized gains / losses realized by these joint activities are eliminated from the financial statements.

Joint Ventures of The Company has been operating in Turkey and the main activity is shown as follow:

Joint Venture	**Main Operations**	**Entrepreneur Partner**
Joint Venture	Real estate investment	Akfen İnşaat Turizm ve Ticaret A.Ş.

	June 30, 2022		December 31, 2021	
	Direct or indirect shares of the Company (%)	**Effective Shares of the Company (%)**	**Direct or indirect shares of the Company (%)**	**Effective Shares of the Company (%)**
Joint Venture	99.00	99.00	99.00	99.00

f Foreign currency transaction

Transactions in foreign currencies are translated to the functional currencies of the Company entities at the exchange rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at reporting date are translated to the functional currency at the exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognized in the statement of comprehensive income.

Except for the currency used for measuring the items in the separate financial statement, all currency units used are named as foreign currency.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont'd)

g Comparative information and restatement of prior periods' financial statements

The accompanying individual financial statements are prepared in comparison with the previous period to determine the financial status, performance, and trends in cash flow of the Company. When the presentation or classification of the items of individual financial statements changes, to ensure comparability, the previous period's individual financial statements are also reclassified accordingly, and an explanation is made regarding these matters.

h Going concern

Separate financial statements have been prepared according to the continuity of the business.

2.2 Accounting estimates and evaluations

The preparation of consolidated financial statement requires the use of assumptions and estimates that affect the reported amount of assets and liabilities, and disclosure of contingent assets and liabilities at the date of financial statements and reported amounts of revenues, expenses which are reported throughout the period. Even though, these assumptions and estimates rely on the best estimates of the Company management, the actual may differ from them. The estimates are used particularly in the following notes:

Note 10 Fair value measurement of investment property

The fair value of the investment real estate of the Company as of the balance sheet date has been obtained according to the valuation carried out by a real estate valuation company which is not related with the Company. The evaluation made according to the International Valuation Standards has been identified with the revenue reduction methods and various estimations and assumptions (discount rates, occupancy rates, etc.) are being used in these calculations. Any possible future changes in these estimations and assumptions may lead to significant impact on the Company financial statements.

Not 18 Long term VAT receivables

The Company classifies its VAT receivables which will be recovered more than one year based on its current operations, to non-current asset (Note 18).

Note 5 Fair value measurement of convertible bond

The Company used an interest rate that is in line with the market conditions at the time of issuance to calculate the fair value of the borrowing instrument that it has issued. The fact that there is no other product with a similar maturity interval and characteristics and that the interest rates of the rates can also be changed according to the creditworthiness of issuer companies, makes the determination of interest a subjective matter. For this reason, the interest rate is determined according to the interest rates of the related dates of the issuance of Akfen Holding, which has already purchased the entire convertible bond (Note 5).

Note 6 Derivative Instruments

Financial assets at fair value through profit or loss also include "derivatives" items in the statement of financial position. Derivative instruments are recognized as an asset if the fair value is positive and as a liability if the fair value is negative. Derivative instruments of the Company reflected in profit or loss consist of interest rate fixing contracts.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont'd)

2.2 Accounting estimates and evaluations (cont'd)

Accounting policies taken as basis for the preparation of consolidated financial statements for the accounting period of January 1 - June 30, 2022 are applied in consistence with the financial statements prepared as of December 31, 2021 except for the new and amended TAS/TFRS standards stated below which are valid as of January 1, 2022 and the interpretations of the Turkish Financial Reporting Interpretation Committee ("TFRIC").

If the changes in accounting estimates are related to only one period, they are applied prospectively in the current period in which the change is made and if they are related to future periods, to cover future periods. There are no changes in accounting estimates in the current period. Significant accounting errors are applied retrospectively, and prior period financial statements are restated. There are no significant accounting errors detected in the current period.

The new standards, amendments and interpretations which are effective as at January 1, 2021 are as follows:

- Interest Rate Benchmark Reform - Phase 2 - Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16
- Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
- Relief from discontinuing hedging relationships
- Separately identifiable risk components
- Additional disclosures
- Amendments to TFRS 4 Insurance Contracts – Deferral of TFRS 9
- Amendments to TFRS 16 – Covid-19 Rent Related Concessions

These amendments did not have a significant impact on the financial position or performance of the Company.

The new standards, amendments and interpretations issued but not yet effective and not early adopted

- Amendments to TFRS 3 – Reference to the Conceptual Framework
- Amendments to TAS 16 – Proceeds before intended use
- Amendments to TAS 37 – Onerous contracts – Costs of Fulfilling a Contract
- TFRS 17 - The new Standard for insurance contracts
- Amendments to TAS 1- Classification of Liabilities as Current and Non-Current Liabilities
- TAS 8 Amendments – Definition of Accounting Estimates
- TAS 1 Amendments – Disclosure of Accounting Policies
- TAS 12 Amendments – Deferred tax on assets and liabilities arising from a single transaction
- Annual Improvements TFRS 1, TFRS 9, TMS 41 and TFRS 16

These standards, changes and improvements are assessed on the financial position of the Company and its possible impact on performance.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont'd)

2.3 Summary of significant accounting policies

The important accounting principles used in the preparation of financial statements are explained below.

2.3.1 Revenue

Revenue includes rental income and real estate inventory sales.

Rental income

Rental income from investment property is recognized on accrual basis. Revenue is measured at the fair value of the consideration received or receivable. Income is realized when the economic benefits obtained by the Company and amount of the related income is measured confidingly.

2.3.2 Offsetting

Every item that has importance due to its nature an amount is reflected in the financial statements separately even if they are similar. Insignificant amounts are reflected by adding to each other based on their principles and functions. As a result of a requirement for offsetting due to nature of the transactions and events, reflection of such transactions and events from their net values or following up from their amount after deducting impaired value shall not be considered as violation of the rule of no offset.

2.3.3 Investment property

Investment properties

Investment properties are properties held to earn rental income, capital gains or both. Investment properties are initially recognized at cost, including transaction costs, and subsequently measured at fair value. Fair value is the price to be paid in a transaction, sale of an asset or transfer of debt between market participants at the measurement date.

The fair value of the investment properties is determined by adding the present values of the free cash flows to be generated by the investment properties in the following years. Fair valuation studies have been made considering the credibility of the tenants or those responsible for making the activity payments, the distribution of the maintenance and insurance of the investment property between the lessor and the lessee and the economic life of the investment property.

The fair value of the Company's investment property includes the fair value calculated by a real estate appraisal company, which is included in the list of "Real Estate Appraisal Companies" registered with the CMB, and the expenditures made for the real estates from the date of valuation to the end of the reporting period.

Gains or losses arising from changes in the fair value of investment properties are recognized in profit or loss in the period in which they arise.

The Company classifies its rights to the land it leases to develop investment property as investment property. In such a case, the right for the land in question is accounted for in the same way as in the financial lease and in addition, the fair value method is used for the land in question. Since the fair values of investment properties developed on the leased lands of the Company have been made by deducting the estimated cash flows of the land to be paid for these lands, the discounted values of the related land and related lease amounts are mutually accounted in the investment properties and other liabilities accounts.

Right to use assets

The Company recognizes the right of use assets on the date the lease commences (for example, as of the date when the asset is eligible for use). Right of use assets are calculated by deducting accumulated depreciation and impairment losses from the cost value. If the financial lease payables are revalued, this figure is adjusted.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont'd)

2.3 Summary of significant accounting policies (cont'd)

Right to use assets (cont'd)

The cost of the right-of-use asset includes:
(a) the initial measurement of the lease liability,
(b) the amount obtained by deducting all lease incentives received from all lease payments made on or before the effective date of the lease, and
(c) all initial direct costs incurred by the Company.
Unless the transfer of ownership of the underlying asset to the Company at the end of the lease term is reasonably finalized, the Company depreciates the right of use asset from the effective date of the lease until the end of the useful life of the underlying asset.

Right of use assets are subject to impairment assessment.

The Company classifies its rights to the land it leases to develop investment property as investment property. In such a case, the right for the land in question is accounted for in the same way as in the financial lease and in addition, the fair value method is used for the land in question. Since the fair values of investment properties developed on the leased lands of the Company have been made by deducting the estimated cash flows of the land to be paid for these lands, the discounted values of the related land and related lease amounts are mutually accounted in the investment properties and other liabilities accounts.

Lease liabilities

The Company measures its lease liability at the present value of unpaid lease payments on the date that the lease commences.

Lease payments included in the measurement of the lease liability on the date that the lease commences, consists of the following payments to be made for the right of use of the underlying asset during the lease period and not paid on the date the lease starts:

(a) Fixed payments,
(b) Variable lease payments based on an index or rate, the first measurement made using an index or rate on the actual date of the lease.
(c) Amounts expected to be paid by the Company under residual value commitments
(d) the use price of this option and if the Company is reasonably certain that it will use the
(e) fines for termination of the lease if the lease shows that the Company will use an option to terminate the lease.

Variable lease payments that do not depend on an index or rate are recognized as an expense in the period in which the event or condition that triggered the payment occurred.

The revised discount rate for the remainder of the lease term of the Company is determined as; if it is not easily determined, the Company determines the alternative borrowing interest rate at the date of the revaluation.

After the effective date of the lease, the Company measures the lease liability as follows:
(a) increase the carrying amount to reflect the interest on the lease obligation; and
(b) Decreases the carrying amount to reflect the lease payments made.

In addition, in the event of a change in the lease term, in essence a change in fixed lease payments or a change in the assessment of the option to buy the underlying asset, the value of the lease obligations is remeasured.

2.3.4. Property and equipment

Tangible assets acquired before January 1, 2005 are carried at restated cost for the effects of inflation in TRY units current at the December 31, 2004 less accumulated depreciation and impairment losses, and tangible assets acquired after January 1, 2005 are carried at acquisition cost less accumulated depreciation and impairment losses.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont'd)

2.3. Summary of significant accounting policies (cont'd)

2.3.4. Property and equipment (cont'd)

Depreciation

Depreciation on the tangible assets is provided on straight-line method according to their useful lives from the date of recognition or assembly of the related assets.

The estimated useful lives of the related assets are as follows:

Equipment	2-10 years
Furniture and fixture	3-10 years
Vehicles	3-5 years

Subsequent expenditure

Expenses arising from replacing any part of tangible fixed assets, including basic maintenance and repair expenses, can be capitalized. Other subsequent expenses can be capitalized if they increase the future economic benefit of the tangible fixed asset. All other expenses are recognized in profit or loss on the date they occur. Losses or gains resulting from disposal of tangible fixed assets are determined by comparing the proceeds from sales with the book value of the fixed asset and are reflected in the relevant income or expense accounts in the current period.

2.3.5 Intangible assets

Intangible assets consist the software programmes. Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of the related assets of 3 or 5 years.

2.3.6. Impairment of assets

At each balance sheet date, the carrying of Company's assets, other than investment property is reviewed to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of the asset (or cash generating unit) is less than its book value, the book value of the asset (or cash generating unit) is reduced to its recoverable amount. In this case, impairment losses are recognized in profit or loss. The increase in the registered value of the asset (or cash-generating unit) due to the reversal of the impairment should not exceed the book value (net amount remaining after depreciation) that would occur if the impairment was not included in the financial statements in previous years. Cancellation of impairment is recorded in profit or loss.

Finansal tabloların hazırlanmasında kullanılan önemli muhasebe ilkeleri aşağıda açıklanmıştır.

2.3.7 Financial instruments

Classification

The Company recognizes its financial assets in three classes as "financial assets accounted for at amortized cost", "financial assets at fair value through other comprehensive income" and "financial assets at fair value through profit or loss". The classification is based on the business model used by the entity for the management of financial assets and the characteristics of the contractual cash flows of the financial asset. The Company classifies its financial assets at the date of purchase. Financial assets are not reclassified after initial recognition unless the business model used by the Company in the management of financial assets changes; In the case of a business model change, financial assets are reclassified on the first day of the subsequent reporting period.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont'd)

2.3. Summary of significant accounting policies (cont'd)

2.3.7 Financial instruments (cont'd)

Recognition and Measurement

"Financial assets measured at amortized cost" are non-derivative financial assets that are held within the scope of a business model aimed at collecting contractual cash flows and that only include interest and cash flows arising from the principal and principal balance on certain dates. The Company's financial assets accounted for at amortized cost are "cash and cash equivalents", "trade receivables", "other receivables" and "financial investments". Related assets are measured at fair value at initial recognition; in subsequent recognition, it is measured at amortized cost using the effective interest method. Gains and losses arising from the valuation of non-derivative financial assets measured at amortized cost are recognized in the individual income statement.

"Financial assets at fair value through other comprehensive income" are non-derivative financial assets that are held as part of a business model aimed at collecting contractual cash flows and selling financial assets, and which only include interest payments arising from principal and principal balances on certain dates on contract terms. Gains or losses arising from the related financial assets are recognized in other comprehensive income except for impairment, gains and losses and foreign exchange differences. If the assets are sold, the valuation differences that are classified in other comprehensive income are reclassified to retained earnings. For investments made in equity instruments, the Company may irrevocably choose to reflect the subsequent changes in fair value on other comprehensive income for the first time. In case of making such preference, dividends obtained from related investments are accounted in individual income statement.

"Financial assets at fair value through profit or loss" consist of financial assets other than financial assets measured at amortized cost and fair value difference reflected to other comprehensive income. Gains and losses arising from the valuation of such assets are recognized in the individual income statement.

Financial assets at fair value through profit or loss also include "derivatives" items in the statement of financial position. Derivative instruments are recognized as an asset if the fair value is positive and as a liability if the fair value is negative. Derivative instruments of the Company reflected in profit or loss consist of interest rate fixing contracts.

Derecognition

The Company derecognizes a financial asset when its rights to the cash flows that are incurred in accordance with the contract relating to financial assets expire or when the related rights are transferred to the ownership of all risks and returns related to this financial asset through a purchase and sale transaction. Any rights created or held by financial assets transferred by the Company are recognized as a separate asset or liability.

Impairment

Impairment of financial assets and contractual assets is calculated using "the expected credit loss" (ECL) model. The depreciation model is applied to amortized cost financial assets and contract assets. Provision for losses is measured based on the following: 12-month ECLs: the ECLs resulting from possible default events within 12 months of the reporting date. Lifetime ECLs: ECLs that arise from all possible default events over the expected life of a financial instrument. Lifetime ECL measurement is applied when the credit risk associated with a financial asset increases significantly after the initial recognition at the reporting date. In all other cases where there was no increase, the 12-month ECL calculation was applied.

The Company may determine that the credit risk of the financial asset does not increase significantly if the credit risk of the financial asset has a low credit risk at the reporting date. However, the lifetime ECL measurement (simplified approach) is always valid for trade receivables and contract assets without significant funding.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont’d)

2.3 Summary of significant accounting policies (cont’d)

2.3.8. Financial liabilities

Financial liabilities are measured at fair value at initial recognition. Transaction costs directly attributable to the burden of the related financial liability are also added to the fair value.

Financial liabilities are classified as equity instruments and other financial liabilities.

Financial liabilities and borrowing cost

Financial liabilities are initially recognized at the value received by deducting transaction costs from the amount of financial liability on the borrowing date. Financial liabilities are measured in the financial statements from their amortised cost using effective interest rate on subsequent dates.

Financial liabilities are derecognized when the debts arising from these liabilities are raised, cancelled, and expired.

During initial recognition of the convertible bond as financial liability, the fair value (the present value of the redemption value) is reclassified from equity. In accordance with TAS 32, financial instrument components that provide for the grant of an obligation to convert an entity into a financial instrument based on the equity of the entity that generates the financial liability are presented separately as debt and equity components in the balance sheet. When the compound financial instrument is allocated to the initial book value equity and liability components, the remaining amount is transferred to the equity component after deducting separately the amount determined separately for the liability component from the fair value of the instrument.

The difference between the fair value of the amount to be paid at the maturity date or the amount to be converted by using the current market interest rate and the original export amount is classified under "Additional capital contribution of shareholders" item under equity. In the initial recognition, the sum of the book values distributed to the debt and equity components is always equal to the fair value attributable to the entire instrument. The fair value calculation is performed on the cash flow after classification under equity and the interest expense related to the obligation is recognized in profit or loss and other comprehensive income statement in the separate financial statements.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont'd)

2.3 Summary of significant accounting policies (cont'd)

2.3.9. Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

2.3.10. Earnings per share and diluted earnings per share

Earnings per share, which is stated income statement, is calculated by dividing net profit by the weighted average number of ordinary shares outstanding during the period. The number of common share available during the period is the sum of number of common shares at the beginning of the period and the product of number of common shares exported during the period and a time weighted factor (Note 26).

In the calculation of diluted earnings per share presented in the comprehensive income statement, the profit or loss in the share of the ordinary shareholders of the parent company and the weighted average number of shares are adjusted according to the effects of dilutive potential ordinary shares. The profit or loss in the share of the parent shareholders of the parent company is increased by the amount of the post-tax dividend and interest accrued in the period with respect to the potential ordinary shares that are dilutive effects and by any other change resulting from the conversion of potential ordinary shares with dilutive effects and the weighted average number of existing ordinary shares is increased by the weighted average of the number of additional ordinary shares based on the assumption that all potential ordinary shares with dilution effects have been converted (Note 26).

2.3.11. Subsequent events

Events after the balance sheet date are those events, favourable and unfavourable, that occur between the balance sheet date and the date when the financial statements are authorized for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed on the financial position date (adjusting events after the balance sheet date); and
- those that are indicative of conditions that arose after the financial position date (non-adjusting events after the balance sheet date).

If there is evidence of such events as of balance sheet date or if such events occur after balance sheet date and if adjustments are necessary, Company's financial statements are adjusted according to the new situation. The Company discloses the post-balance sheet events that are not adjusting events but material.

2.3.12. Provisions, contingent liabilities, and contingent assets

For any provision amount to be included in the financial statements; The Company must have an existing legal or implied obligation arising from past events, for this obligation to be fulfilled, it is probable that the resources containing economic benefits will be withdrawn from the enterprise and that the amount of the obligation can be estimated reliably. If these criteria are not met, the Company discloses the related issues in the notes.

If it is probable that the economic benefit will enter the entity, the disclosure is made in the notes to the financial statements of the contingent asset. If it is certain that the economic benefit will enter the entity, the asset and the related income are recognized in the financial statements at the date of the change.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont'd)

2.3 Summary of significant accounting policies (cont'd)

2.3.13. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company as lessor

Lease income from operating leases is recognized as income through the straight-line method over the lease term, unless there is any other systematic method that better reflects the timing of the reduction in the benefit earned from the leased asset. Rental income arising from operating leases of the Company is accrued at the rates determined by the gross revenue or gross operating profit of the operators at the end of each month in accordance with the agreements made with the operating companies.

The Company as lessee

Since the rights to the land leased to develop investment property are classified as investment property, the rights to these lands are recognized as in the lease. For this reason, the discounted values of the rent amounts to be paid for these lands are accounted as "borrowings" in the individual financial statements.

2.3.14. Related parties

To the accompanying financial statements, shareholders, key management, and board members, in each case together with companies controlled by or affiliated with them, and associated companies are considered and referred to as related parties.

A related party is a person or entity that is related to the entity that is preparing its financial statements.

a) A person or a close member of that person's family is related to a reporting entity if that person:

(i) has control or joint control over the reporting entity.
(ii) has significant influence over the reporting entity; or
(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

b) An entity is related to a reporting entity if any of the following conditions applies

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary, and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
(vi) The entity is controlled or jointly controlled by a person identified in (a).
(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont'd)

2.3 Summary of significant accounting policies (cont'd)

2.3.15. Taxation

The Company is exempt from corporate income taxes in accordance with paragraph d-4 of Article 5 of the Corporate Income Tax Law. In accordance with paragraph 6-a of Article 94 of the Income Tax Law, the earnings of the real estate investment trusts are subject to withholding taxes, with Council of Ministers decision No, 93/5148, the withholding rate is determined as "0", Therefore, the Company has no tax obligation over its earnings for the related period.

Joint Ventures are not considered as independent units in terms of tax legislation. Therefore, the partners of the ordinary companies are deemed to be jointly responsible for the application of tax. Since Akfen GYO is exempt from Corporate Tax, there is no tax liability arising from Joint Venture earnings.

According to Article 15/ (3) the income of REITs is subject to 15% withholding tax irrespective of its distribution. The Council of Ministers has the authority to increase the withholding tax rate on REIT income to corporate income tax rate or reduce it to 0% or change it within the limits defined through Article 15/ (34) of New Corporate Tax Law. In accordance with New Corporate Tax Law Article 15 / (2), income subject to corporate tax is also exempt from withholding tax.
According to temporary Article (1) of the New Corporate Tax Law, resolutions of the Council of Ministers related with Income Tax Law numbered 193 and Tax Law No: 5422 are valid up to new Decrees published by the Council of Ministers. Determined rates cannot exceed statutory limits defined at New Corporate Tax Law.

Based on the resolution of the Council of Ministers numbered 2009/14594 related to the withholding tax rates which were determined as 15% according to the New Corporate Tax Law Article 15/ (3) published in the Official Gazette dated February 3, 2009 numbered 27130, the withholding tax rate is determined as 0% and this resolution is effective on the same date. According to Article 5/1(d) (4) the income of REITs is subject to 0% withholding tax irrespective of its distribution.

As the profit of the Company is exempted of the corporate income tax pursuant to article 5 of the Corporate Tax Law, no deferred tax is calculated.
Although the pre-merger earnings of Masanda Turizm and Isparta Yurt companies are subject to tax at legal rates according to the Corporate Tax Law, the deferred tax liability recognized in the financial statements of the companies as of the merger date has been derecognised, as REITs are exempt from corporate tax because of the merger. Current tax liabilities of the related companies as of the merger date continue to be recognized in the individual financial statements.

2.3.16. Employee termination benefits

Retirement pay provision

In accordance with the existing labour code in Turkey, the Company is required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The Company calculated the severance pay liability for the retirement of its employees by discounting the future liabilities to their present values, by using actuarial method and reflected to the financials.

Defined contribution plans:

The Company pays contributions to the Social Security Institution on a mandatory basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognized as an employee benefit expense when they are due.

Vacation pay provision:

The vacation pay provision accrued on the financial statements represent the estimated total liability for future probable obligation of the employees.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont'd)

2.3 Summary of significant accounting policies (cont'd)

2.3.17. Statement of cash flows/Cash and Cash Equivalents

The cash flow statements for the period are classified and reported in the cash flow statement based on investment and financing activities. The cash flows arising from the operating activities represent the cash flows arising from the Company activities. The cash flows related to investment activities represent the cash flows the Company uses and obtains in its investment activities (fixed investments and financial investments). The cash flows regarding the financing activities represent the resources used by the Company in its financing activities and repayments of those resources.

Cash and cash equivalents are cash in hand, demand deposits and other short-term investments with a maturity of 3 months or less than 3 months, which are easily convertible into cash and do not carry a significant risk of change in value. Bank deposits with a maturity of longer than 3 months and less than 1 year are classified as short-term financial investments.

2.4. Determination of fair values

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability. Fair value, according to valuation techniques used is classified into the following levels:

Level 1: For identical assets or liabilities in active markets (unadjusted) prices;

Level 2: 1st place other than quoted prices and asset or liability, either directly (as prices) or indirectly (i.e. derived from prices) observable data;

Level 3: Asset or liability is not based on observable market data in relation to the data (non- observable data).

The fair value of the investment real estates is at Level 3 according to the revenue reduction method that is one of the valuation techniques.

2.5. Investment portfolio limitations on real estate investment trust

As of December 31, 2021 and December 31, 2020 the information contained in the footnote titled "Control of Compliance with Portfolio Limitations" are in the nature of summary information derived from the financial statements in accordance with the Article 16 of the CMB Serial: II, No: 14.1 "Communiqué on the Principles of Financial Reporting in the Capital Markets" and have been prepared within the framework of the provisions regarding the control of compliance with portfolio limitations related to Communiqué on "Principles Regarding Real Estate Investment Trusts", Serial: III, No: 48.1, published in the Official Gazette No. 28660 on May 28 2013 and Communiqué Serial: III, No: 48.1a on the Amendment of the "Communiqué on Principles Regarding Real Estate Investment Trusts" published in the Official Gazette No. 28891 on January 23, 2014.

2.6 Business combinations

At the Company's Board of Directors meeting dated June 1, 2021; in accordance with Capital Markets Law No. 6362, Communiqué No. II-23.3 on Common Principles and Separation Rights of the Capital Markets Board ("CMB") on Significant Transactions, Communiqué on Mergers and Divisions No. II-23.2 and other relevant regulations of the CMB, Turkish Commercial Code No. 6102, Corporate Tax Law No. 5520 and other relevant legislation; it has been decided that Isparta Yurt and Masanda Turizm of which it is the sole shareholder, by being taken over as a whole with all its assets and liabilities, will be merged within the company in a simplified approach. Pursuant to the provisions of the relevant legislation, the Merger Agreement and Announcement Text were prepared, and an application was made to the CMB on June 3, 2021 for the approval of the Announcement Text and the application was approved by the CMB on June 24, 2021.The merger was registered on June 30, 2021 and the process was completed and Isparta Yurt Yatırımları A.Ş. and Masanda Turizm Yatırımları A.Ş. was taken over by Akfen GYO with all its assets and liabilities

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont'd)

2.6 Business combinations (cont'd)

The financial statements of the related companies as of the merger date are as follows:

Assets	Masanda Turizm June 30, 2021	Isparta Yurt June 30, 2021	Total June 30, 2021
Current assets	**4,773,556**	**10,360,891**	**15,134,447**
Cash and cash equivalents	1,883,337	4,877,619	6,760,956
Trade receivables	8,699	1,034,146	1,042,845
- Trade receivables from related parties	*8,699*	-	8,699
- Trade receivables from third parties	-	*1,034,146*	1,034,146
Other receivables	271	1,462,364	1,462,635
- Other receivables from third parties	*271*	*1,462,364*	1,462,635
Prepaid expenses	173,120	257,700	430,820
Other current assets	2,708,129	2,729,062	5,437,191
Non current assets	**322,511,993**	**311,292,623**	**633,804,616**
Other receivables	13,266,603	9,975,036	23,241,639
- Other receivables from related parties (*)	*13,266,603*	*9,975,036*	23,241,639
Investment property	283,582,447	291,861,330	575,443,777
Property, plant and equipment	5,545,490	-	5,545,490
Other non-current assets	20,117,453	9,456,257	29,573,710
Total assets	**327,285,549**	**321,653,514**	**648,939,063**

Liabilities	Masanda Turizm June 30, 2021	Isparta Yurt June 30, 2021	Total June 30, 2021
Current liabilities	**5,214,927**	**4,954,500**	**10,169,427**
Current borrowings	551,801	2,079,728	2,631,529
- Lease liabilities	*551,801*	*2,079,728*	2,631,529
Trade payables	204,991	62,091	267,082
- Trade payables to related parties	*112,710*	-	112,710
- Trade payables to third parties	*92,281*	*62,091*	154,372
Other payables	391,494	8,250	399,744
- Other payables to third parties	368,130	1,000	369,130
- Other payables to related parties	23,364	7,250	30,614
Deferred revenue	4,066,641	883,150	4,949,791
Current income tax liabilities	-	1,921,281	1,921,281
Non current liabilities	**5,900,753**	**48,598,611**	**54,499,364**
Non-current borrowings	2,652,330	8,618,633	11,270,963
- Lease liabilities	*2,652,330*	*8,618,633*	11,270,963
Deferred tax liabilities (**)	*3,248,423*	*39,979,978*	43,228,401
Equity	**316,169,869**	**268,100,403**	**584,270,272**
Paid in capital	192,503,786	78,000,000	270,503,786
Share premium	-	25,050,000	25,050,000
Restricted reserves appropriated from profits	2,031	-	2,031
Retained earnings	123,664,052	165,050,403	288,714,455
Total liabilities	**327,285,549**	**321,653,514**	**648,939,063**

(*) It consists of other receivables from Akfen GYO and has been derecognised from the the consolidated financial statements due to the merger.
(**) Although the pre-merger earnings of Masanda Turizm and Isparta Yurt companies are subject to tax at legal rates according to the Corporate Tax Law, the deferred tax liability recognized in the financial statements of the companies as of the merger date has been derecognised, as REITs are exempt from corporate tax because of the merger and the related amount was recognized as deferred tax income in the profit or loss statement of the Company as of June 30, 2021. Current tax liabilities of the related companies as of the merger date continue to be recognized in the individual financial statements.

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (cont'd)

2.6 Business combinations (cont'd)

The effect of the merger on the equity of the related companies as of the merger date is as follows:

	June 30, 2021
Total capital amount of merging companies	270,503,786
Total retained earnings of the merging companies	288,714,455
Total share premiums of the merging companies	25,050,000
Total restricted reserves appropriated from profits of the merging companies	2,031
Total participation cost derecognized	(450,000,000)
Total merger effect	**134,270,272**

3 RELATED PARTY DISCLOSURES

3.1. Related party balances

Current trade receivables from related parties:

	June 30, 2022	December 31, 2021
Akfen Turizm Yatırım ve İşletmecilik A.Ş. ("Akfen Turizm")	3,870,166	7,193,452
	3,870,166	**7,193,452**

Non-current trade receivables from related parties:

	June 30, 2022	December 31, 2021
Akfen GT (*)	220,400,421	161,876,961
	220,400,421	**161,876,961**

(*) It is the receivables arising from Akfen GYO's selling its all shares related to 100% subsidiary of the Company at Russia, to Akfen GT on March 27, 2016 at fair value.

Current trade payables to related parties:

	June 30, 2022	December 31, 2021
Akfen İnşaat (*)	3,951,507	3,115,550
Akfen Holding	-	313,719
	3,951,507	**3,429,269**

(*)As of June 30, 2022 and December 31, 2021, current trade payables to related parties to Akfen İnşaat consist of the Company's borrowings related to the Bulvar Loft project.

Non-current trade payables to related parties:

	June 30, 2022	December 31, 2021
Akfen İnşaat (*)	9,747,404	10,477,760
	9,747,404	**10,477,760**

(*)As of June 30, 2022 and December 31, 2021, non-current trade payables to related parties to Akfen İnşaat consist of the Company's borrowings related to the Bulvar Loft project.

Information on important guarantees provided and given from related parties is given in Note 5.

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

3. RELATED PARTY DISCLOSURES

3.2. Related party transactions

a) Purchase of subsidiary share

	January 1 - June 30, 2022	April 1 - June 30, 2022	January 1 - June 30, 2021	April 1 - June 30, 2021
Akfen Altyapı (*)	-	-	235,000,000	-
Akfen İnşaat (*)	-	-	215,000,000	-
	-	**-**	**450,000,000**	**-**

(*) As of February 9, 2021, all shares of Masanda Tourism which has a tourism operation certificate of 92 rooms and 184 beds capacity 5-Star Holiday Village investment on the allocated land with the right of construction from the Ministry of Health registered in Muğla province, Bodrum district, Göl neighbourhood, 112 block and all shares of Isparta Yurt belonging to Akfen İnşaat having dormitory investments in Isparta City Central Province, in İstiklal 2 District, island 9, parcel 112 with a capacity of 4032 beds and in Kütahya City Central District in Civli District, 102 island, 2 parcel with a capacity of 3200 beds has been purchased by 235 million TRY and 215 million TRY, respectively.

b) Convertible bond transactions

All of the convertible bonds with a nominal value of TRY 170,000,000, issued by the Company on January 17, 2018 and the details of which are given in Note 7, were purchased by Akfen Holding and transferred to Hamdi Akın together with the principal and legal interest as of April 14, 2020. The aforementioned bond was added to the capital with its interest on January 12, 2021 and as of June 30, 2021, interest expense of TRY 1,234,702 on the mentioned bond was recognized in the consolidated financial statements' profit or loss and other comprehensive income statement (June 30, 2022: None).

c) Interest income

	January 1 - June 30, 2022	April 1 - June 30, 2022	January 1 - June 30, 2021	April 1 - June 30, 2021
Akfen Turizm (Bodrum Loft)	3,504,420	3,504,420	-	-
	3,504,420	**3,504,420**	**-**	**-**

d) Interest income

	January 1 - June 30, 2022	April 1 - June 30, 2022	January 1 - June 30, 2021	April 1 - June 30, 2021
Akfen GT	6,727,152	3,779,548	2,983,619	1,581,332
Akfen Turizm	285,892	138,210	-	-
Akfen Karaköy	3,025	878	1,893	538
Akfen Holding	1,693	687	-	-
	7,017,762	**3,919,323**	**2,985,512**	**1,581,870**

e) Interest expense

	January 1 - June 30, 2022	April 1 - June 30, 2022	January 1 - June 30, 2021	April 1 - June 30, 2021
Akfen Holding	-	-	5,234,114	3,796,538
	-	**-**	**5,234,114**	**3,796,538**

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

3. RELATED PARTY DISCLOSURES (cont'd)
3.2. Related party transactions (cont'd)

f) Remuneration of top management

	January 1 - June 30, 2022	April 1 - June 30, 2022	January 1 - June 30, 2021	April 1 - June 30, 2021
Remuneration of top management (*)	2,990,170	1,101,273	1,559,481	550,374
	2,990,170	**1,101,273**	**1,559,481**	**550,374**

(*) Top management of the Company includes Independent Members of the Board of Directors, General Manager and Deputy General Managers.

4. CASH AND CASH EQUIVALENTS

	June 30, 2022	December 31, 2021
Cash on hand	48,872	41,321
Cash at banks	33,150,061	45,302,451
- Demand deposits	*32,321,032*	*45,302,451*
- Time deposits	829,029	-
Other cash and cash equivalents	61	61
Impairment (Note 2)	(1,537)	(2,560)
Cash and cash equivalents	**33,197,457**	**45,341,273**
Impairment	1,537	2,560
Cash and cash equivalents in cash flow statement	**33,198,994**	**45,343,833**

Demand deposits

As of June 30, 2022, and December 31, 2021 demand deposits are comprised of the following currencies:

	June 30, 2022	December 31, 2021
Euro	30,689,002	42,857,098
US Dollar	1,320,660	1,637,226
TRY	311,370	808,127
Total demand deposits	**32,321,032**	**45,302,451**

Time deposits

As of June 30, 2022, time deposits are comprised of the following currencies:

Currency	Maturity	Interest rate	June 30, 2022
TRY	July 2022	%14-%16.5	829,029
Total			**829,029**

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

5. FINANCIAL LIABILITIES

As of June 30, 2022 and December 31, 2021, demand deposits are comprised of the following currencies:

	June 30, 2022	December 31, 2021
Short term financial liabilities	**84.078.827**	**73.272.135**
Current portion of long term financial liabilities	77,506,302	64,632,858
Current portion of long term lease liabilities	6,572,525	8,639,277
Long term financial liabilities	**878,631,409**	**776,751,211**
Long term bank loans	839,782,701	740,401,291
Long term lease liabilities	38,848,708	36,349,920
Total financial liabilities	**962,710,236**	**850,023,346**

As of June 30, 2022 and December 31, 2021, the Company's bank loans are summarized as follows:

June 30, 2022:

Currency	Nominal İnterest rate	Original amount	Short term	Long term	Total
EUR (1)	% 6.00+Euribor (*)	52,713,517	77,506,302	839,782,701	917,289,003
			77,506,302	**839,782,701**	**917,289,003**

(*) On November 11, 2021, an interest rate swap transaction was made for euribor at a rate of 0,673% for 75% of the Company's loans, until the loan maturity. After the early loan closure in 2022, this rate was 77%.

December 31, 2021:

Currency	Nominal İnterest rate	Original amount	Short term	Long term	Total
EUR (1)	% 6.00+Euribor (*)	54,830,248	64,632,858	740,401,291	805,034,149
			64,632,858	**740,401,291**	**805,034,149**

(1) The Company reached an agreement with its existing creditors on the restructuring of the existing loan debt with a maturity of 10 years on December 18, 2020, and the related transactions of the loan agreements were carried out as of April 11, 2021, as planned and agreed with the creditors. In general, the loan terms are the same as the previous contract and the loan maturity has been extended to December 30, 2030.

Bank borrowings obtained with this agreement is secured by the followings:

- Right of tenancy of the hotels in Gaziantep, Kayseri, Trabzon, Bursa and Zeytinburnu and land, building and equipment of Tuzla, Ankara Esenboğa, Esenyurt and Adana and the land on which hotel is being built in Tuzla are pledged in favor of the creditors,
- Rent revenue of related hotels is alienated in favor of the creditor,
- The bank accounts opened in bank and financial corporations under related projects are pledged to the favor of creditor,

Some of the non-public shares of Akfen Holding, one of the shareholders of the Company have been pledged in favor of the lender.

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

5. FINANCIAL LIABILITIES (cont'd)

Issued borrowing instruments

The Company completed the issuance of convertible bonds amounting to TRY 170,000,000 as of January 17, 2018 and the summary information of the aforesaid bond is as follows:

Nominal amount sold	TRY 170,000,000
Sales completion date	January 17, 2018
Type	Private sector bonds
Maturity	January 15, 2021
Type of interest rate	Fixed
Interest rate – Annual simple (%)	12
Type of sale	Sales to qualified investors
Guarantees and warrants related to issuance	Akfen Holding has purchase guarantee
Number of coupons	None
Principal / due payment amount(*)	TRY 238,837,760

(*) Convertible bonds issued on 15 January 2021 with a maturity and maturity amount of TRY 238,837,760, together with the interest on 12 January 2021, a capital increase transaction was realized based on TRY 238,627,432.

All the mentioned issues have been purchased by Akfen Holding and the right to convert the bond into a share or repay the debts belongs to Akfen GYO. As of April 14, 2020, all the bonds have been transferred to Hamdi Akın, the controlling partner of the Company, together with all the rights, principal, and legal interest of Akfen Holding. The Company's Board of Directors decision dated December 25, 2020 has decided to pay the said bond debt as a share by capital increase method. With the approval of the CMB dated January 7, 2021, on January 12, 2021, a capital increase of TRY 59,066,196 was made from the conversion price of TRY 4.04 with the redemption of the bond with an interest-bearing balance of TRY 238,627,431.84.

In accordance with TAS 32, financial instrument components that provide for the grant of an obligation to convert an entity into a financial instrument based on the equity of the entity that generates the financial liability are presented separately as debt and equity components in the balance sheet. When the compound financial instrument is allocated to the initial book value equity and liability components, the remaining amount is transferred to the equity component after deducting separately the amount determined separately for the liability component from the fair value of the instrument. TRY 20,702,778, which is the difference between the fair value and the original issue amount, which is calculated by using the 17% interest rate which is determined as the current market interest rate to be paid or converted at the maturity date, is classified as "Additional capital contribution of the shareholders" under equity. In the initial recognition, the sum of the book values distributed to the debt and equity components is always equal to the fair value attributable to the entire vehicle.

The fair value calculation is performed on the cash flow after classification under equity and the interest expense related to the obligation is recognized in profit or loss and other comprehensive income statement in the financial statements.

The mentioned debt instrument was redeemed as of December 31, 2021. The movement table of the related debt instrument as of June 30, 2021 is as follows:

	June 30, 2021
January 1	237,392,730
Interest accrual	1,234,702
Bond redemption (*)	(238,627,432)
Financial liabilities related to convertible bonds	**-**

(*)Convertible bond issued with a maturity of January 15, 2021 and a maturity of TRY 238,837,760 a capital increase transaction was realized on January 12, 2021 based on TRY 238,627,432 with the interest.

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

5. FINANCIAL LIABILITIES (cont'd)

The repayment schedule of financial liabilities is as follows:

	June 30, 2022	December 31, 2021
Less than 1 year	77,506,302	64,632,858
1 - 2 years	80,604,472	65,694,779
2 - 3 years	83,462,214	69,679,574
3 - 4 years	85,380,057	70,994,339
4 - 5 years	89,301,151	72,353,027
5 years and over	501,034,807	461,679,572
Total financial liabilities	**917,289,003**	**805,034,149**

The movements of the financial liabilities in the period of January 1- June 30,2022 and 2021 are as follows:

	2022	2021
January 1	805,034,149	1,110,746,338
Cash outflows from debt repayment	*(34,308,680)*	*(5,450,818)*
Interest paid	*(21,853,269)*	*(30,823,854)*
Accrual	*20,932,331*	*21,499,690*
Foreign exchange loss	*147,484,472*	*130,126,655*
Addition of convertible bond to capital	-	*(238,627,433)*
June 30	**917,289,003**	**987,470,578**

Operational lease liabilities

The Company has started to apply TFRS 16 as of January 1, 2019 and since the fair value of investment properties developed on the Company's leased land has been deducted from the estimated cash flows, the discounted values of the lease amounts to be paid related to the lands are classified under operational lease liabilities.

Details of operational lease borrowings are as follows:

	June 30, 2022	December 31, 2021
Less than 1 year	6,572,525	8,639,277
1 - 5 years	42,907,624	42,034,500
5 years and over	601,081,932	600,533,095
Less: Financial expense for future periods	(605,140,848)	(606,217,675)
Total operational lease liabilities	**45,421,233**	**44,989,197**

The movements of the lease liabilities in the periods of June 30, 2022 and 2021 are as follows:

	2022	2021
January 1	44,989,197	34,318,474
Interest expense	*3,126,921*	*2,659,529*
Foreign exchange loss	*2,039,569*	*252,542*
Payments	*(4,734,454)*	*(2,876,992)*
Merger effect (Note 2.6)	-	*13,902,492*
June 30	**45,421,233**	**48,256,045**

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

6. DERIVATIVE INSTRUMENTS

On November 11, 2021, an interest rate swap transaction was made for euribor at a rate of 0,673% for 75% of the Company's loans, until the loan maturity. After the early loan closure in 2022, this rate was 77%.
As of June 30, 2022, and December 31, 2021, assets and liabilities arising from derivative instruments are as follows:

	June 30, 2022	December 31, 2021
Derivative assets/(liabilities)	59,803,901	(5,169,338)
Total	**59,803,901**	**(5,169,338)**

		June 30, 2022	
	Currency	Original contract value	Asset
Derivative assets	Euro	41,349,656	59,803,901
Total			**59,803,901**

		December 31, 2021	
	Currency	Original contract value	Liability
Derivative liabilities	Euro	41,787,277	(5,169,338)
Total			**(5,169,338)**

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

7. TRADE RECEIVABLES AND PAYABLES

a) Short term trade receivables

As of June 30, 2022 and December 31, 2021, short-term trade receivables comprised the followings:

	June 30, 2022	December 31, 2021
Trade receivables from third parties [1]	37,634,326	21,987,419
Trade receivables from related parties (Note 3)	3,870,166	7,193,452
	41,504,492	**29,180,871**

[1] As of June 30, 2022, TRY 37,593,628 of trade receivables from non-related parties (December 31, 2021: TRY 21,986,914) consists of the balance of receivables from Tamaris Turizm A.Ş., which is the operator of the Company's hotels, for hotel rental income.

b) Long term trade receivables

As of June 30, 2022 and December 31, 2021, long-term trade receivables comprise the followings:

	June 30, 2022	December 31, 2021
Trade receivables from related parties (Note 3)	218,798,118	161,876,961
	218,798,118	**161,876,961**

c) Short term trade payables

As of June 30, 2022 and December 31, 2021, short-term trade payables comprise the followings:

	June 30, 2022	December 31, 2021
Trade payables to related parties (Note 3)	3,951,507	3,429,269
Trade payables to third parties	5,451,220	2,118,437
- Other expense accruals	*3,893,197*	*1,915,913*
- Other trade payables	*1,558,023*	*202,524*
	9,402,727	**5,547,706**

d) Long term trade payables

As of June 30, 2022 and December 31, 2021, long-term trade payables comprise the followings:

	June 30, 2022	December 31, 2021
Trade payables to third parties (Note 3)	9,747,404	10,477,760
	9,747,404	**10,477,760**

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

8. OTHER RECEIVABLES AND PAYABLES

a) Other current receivables

As of June 30, 2022 and December 31, 2021, other current receivables comprise the followings:

	June 30, 2022	December 31, 2021
Other receivables from the tax office	8,600,398	2,794,338
	8,600,398	**2,794,338**

b) Other non-current receivables

As of June 30, 2022 and December 31, 2021, other non-current receivables comprise the followings:

	June 30, 2022	December 31, 2021
Deposits and guarantees given	161,866	161,866
Other receivables from the tax office	-	14,632,127
	161,866	**14,793,993**

c) Other current payables

As of June 30, 2022 and December 31, 2021, other current payables comprise the followings:

	June 30, 2022	December 31, 2021
Other payables to third parties	592,410	4,690,114
- Taxes and funds payable	*486,672*	*4,641,218*
- Social security premiums payable	*63,594*	*48,896*
- Advances received	*19,150*	-
- Other	*22,994*	-
	592,410	**4,690,114**

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

9. FINANCIAL INVESTMENTS

Subsidiaries and Affiliates

As of June 30, 2022 and December 31, 2021, nominal values of the Company's subsidiaries and affiliates in balance sheet are as below:

	Ownership ratio (%)	**June 30, 2022**	**Ownership ratio (%)**	**December 31, 2021**
Akfen GT	100.00	239,669,600	100.00	239,669,600
Fıratcan İnşaat	51.00	58,375,000	51.00	58,375,000
Akfen Karaköy [1]	19.90	24,079,312	19.90	24,079,312
Total		**322,123,912**		**322,123,912**

[1] Akfen Karaköy is owned by the Company with a total of 91.47%, with a direct rate of 19.90% and an indirect rate of 71.57%.

As of March 29, 2021, Akfen GYO, has been purchased 51% shares of Fıratcan İnş. Turz. Tic. A.Ş. ("Fıratcan Tourism") which has the right to lease the Söğütlüçeşme train station in Istanbul, Kadıköy, within the scope of the High-Speed Train Station Project for 2 years of permission and license, 2 years of construction period and 25 years to operate according to the Lease Contract for Construction Containing Areas signed with TCDD in amount of TRY 58,375,000 (EUR 6,200,000). In this context, the Company has undertaken the Söğütlüçeşme High Speed Train Station Project to TCDD, and a train station, commercial area and parking lot will be built within the scope of the project.

As of June 31, 2022, and 2021, the movement of the subsidiaries are as below:

	Akfen GT	**Akfen Karaköy**	**Isparta Yurt (*)**	**Masanda Turizm (*)**	**Fırat Can İnşaat**	**Total**
January 1, 2021	193,882,192	24,079,312	-	-	-	217,961,504
Additions	6,117,808	-	215,000,000	235,000,000	58,375,000	514,492,808
Merger effect (Note 2.6)	-	-	(215,000,000)	(235,000,000)	-	(450,000,000)
30 Haziran 2021	**200,000,000**	**24,079,312**	**-**	**-**	**58,375,000**	**282,454,312**
January 1, 2022	239,669,600	24,079,312	-	-	58,375,000	322,123,912
June 30, 2022	**239,669,600**	**24,079,312**	**-**	**-**	**58,375,000**	**322,123,912**

(*) As of February 9, 2021, all shares of Masanda Turizm which has a tourism operation certificate of 92 rooms and 184 beds capacity 5-Star Holiday Village investment on the allocated land with the right of construction from the Ministry of Health registered in Muğla province, Bodrum district, Göl neighborhood, 112 block and all shares of Isparta Yurt belonging to Akfen İnşaat having dormitory investments in Isparta City Central Province, in Istiklal 2 District, island 9, parcel 112 with a capacity of 4032 beds and in Kütahya City Central District in Civli District, 102 island, 2 parcel with a capacity of 3200 beds has been purchased by 235 million TRY and 215 million TRY, respectively.

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

10. INVESTMENT PROPERTY

As of June 30, 2022 and December 31, 2021, details of investment property and investment property under development are as follows:

	June 30, 2022	December 31, 2021
Operating investment properties	3,764,890,000	2,898,660,000
Land leases	43,739,717	42,852,905
Total	**3,808,629,717**	**2,941,512,905**

Operating investment properties:

As of June 30, 2022, and 2021 movements in operating investment property are as follows:

	2022	2021
January 1	2,898,660,000	1,008,247,500
Additions	542,198	26,500
Fair value increase	865,687,802	-
Merger effect (Note 2.6)	-	562,789,000
June 30	**3,764,890,000**	**1,571,063,000**

Fair values of the Company's investment properties are calculated by a real estate appraisal company included in the list of authorized companies to offer appraisal services within the framework of the CMB legislation as of June 30, 2022 and December 31, 2021. The fair value of investment properties is determined by discounting the free cash flows of these properties in the future.

In the valuations, the rental period of the relevant right of construction for projects developed on lands with a right of construction, and a projection period suitable for the duration of the lease agreement with the operator in projects developed on lands owned by the Company are taken as basis. The cash flows obtained from projections in Euro and TRY currency have been discounted to the present value with a discount rate appropriate to the risk level of the economy, sector and enterprise and the values of investment properties have been calculated.

As of June 30, 2022 and December 31, 2021, the fair values of operating investment properties is as follows:

		June 30, 2022		December 31, 2021
Name of investment property	**Date of appraisal report**	**Fair value**	**Date of appraisal report**	**Fair value**
Ibis Otel ve Novotel Zeytinburnu	June 30, 2022	850,610,000	December 31, 2021	637,060,000
Novotel Trabzon	June 30, 2022	422,880,000	December 31, 2021	233,780,000
Ibis Otel Tuzla	June 30, 2022	265,150,000	December 31, 2021	194,540,000
Ibis Otel Ankara Airport	June 30, 2022	154,160,000	December 31, 2021	149,390,000
Ibis Otel Esenyurt	June 30, 2022	163,020,000	December 31, 2021	145,940,000
Ibis Otel Adana	June 30, 2022	144,870,000	December 31, 2021	131,110,000
Ibis Otel Alsancak İzmir	June 30, 2022	154,420,000	December 31, 2021	125,610,000
Ibis Otel ve Novotel Kayseri	June 30, 2022	173,960,000	December 31, 2021	117,900,000
Ibis Otel ve Novotel Gaziantep	June 30, 2022	136,270,000	December 31, 2021	111,070,000
Ibis Otel Bursa	June 30, 2022	108,390,000	December 31, 2021	92,430,000
Ibis Otel Eskişehir	June 30, 2022	20,410,000	December 31, 2021	19,160,000
Isparta Yurt (*)	June 30, 2022	324,830,000	December 31, 2021	255,400,000
Kütahya Yurt (*)	June 30, 2022	228,070,000	December 31, 2021	181,210,000
Bodrum Loft (*)	June 30, 2022	617,850,000	December 31, 2021	504,060,000
Total		**3,764,890,000**		**2,898,660,000**

(*) It was taken over by the merger of Masanda Turizm and Isparta Yurt under Akfen GYO as of June 30, 2021.

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

10. INVESTMENT PROPERTY (cont'd)

As of June 30, 2022 and December 31, 2021, the fair value of operating investment properties comprises of value of appraisal reports dated June 30, 2022 and December 31, 2021.
As of June 30, 2022, total insurance amount on operating investment properties is TRY 4,954,956,892 (December 31, 2021: TRY 4,232,471,696).
As of June 30, 2022, the pledge amount on operating investment property is TRY 3,011,350,292 (December 31, 2021: TRY 2,540,804,096).
As of June 30 2022, in the calculation of the fair values of investment properties, the discount rates for the assets valued in EUR used in the valuation report prepared according to different versions are in the range of 10.5%-11.5%, and the discount rate for the assets valued in TRY is 26%. As of 31 December 2021, in the calculation of the fair values of investment properties, the discount rates for the assets valued in EUR used in the valuation report prepared according to different versions are in the range of 10%-11%, and the discount rate for the assets valued in TRY is 19%. Sensitivity analysis regarding the fair values of investment properties is explained in Note 27.

Land Leases

The Company classifies its rights for the lands that are rented to develop investment real estate as investment real estates. In such a case, the rights to the related land are recognized as if it were a financial lease and in addition, the fair value model is used for the related land that is accounted for. The fair values of the investment properties developed on the leased land have been deducted from the estimated cash flows to be paid for the rents and therefore the discounted values of rentable rentals related to the related land are accounted for in the investment property.

As of June 30, 2022 and 2021, the movement table of the land leases is as follows:

	2022	**2021**
January 1	42,852,905	34,286,675
Arrangements	886,812	-
Merger effect (Note 2.6)	-	12,654,777
June 30	**43,739,717**	**46,941,452**

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

11. PROPERTY AND EQUIPMENT

As of June 30, 2022, and 2021, the movement of property and equipment is as follows:

	Equipment	Vehicles	Furniture& fixture	Total
Cost value				
Balance on January 1, 2021	4,688	-	723,366	728,054
Additions	-	-	33,335	33,335
Merger effect (Note 2.6)	-	10,660,907	-	10,660,907
Balance on June 30, 2021	**4,688**	**10,660,907**	**756,701**	**11,422,296**
Cost value				
Balance on January 1, 2022	3,843	10,660,907	611,628	11,276,378
Additions	-	-	10,069	10,069
Balance on June 30, 2022	**3,843**	**10,660,907**	**621,697**	**11,286,447**
Accumulated depreciation				
Balance on January 1, 2021	(4,661)	-	(334,410)	(339,071)
Charge for the period	(27)	-	(48,872)	(48,899)
Merger effect (Note 2.6)	-	(5,115,417)	-	(5,115,417)
Balance on June 30, 2021	**(4,688)**	**(5,115,417)**	**(383,282)**	**(5,503,387)**
Balance on January 1, 2021	(3,816)	(6,913,404)	(273,796)	(7,191,016)
Charge for the period	(24)	(1,066,091)	(49,056)	(1,115,171)
Balance on June 30, 2022	**(3,840)**	**(7,979,495)**	**(322,852)**	**(8,306,187)**
Net carrying value				
January 1, 2021	27	-	388,956	388,983
June 30, 2021	-	5,545,490	373,419	5,918,909
January 1, 2022	**27**	**3,747,503**	**337,832**	**4,085,362**
June 30, 2022	**3**	**2,681,412**	**298,845**	**2,980,260**

As of June 30, 2022, there is no pledge on property and equipment (December 31, 2021: None).

As of June 30, 2022, depreciation expenses amounting to TRY 1,066,091 has been recognized in cost of sales and TRY 49,080 in general administrative expenses in total TRY 1,115,171 (June 30, 2021: TRY 48,898 general administrative expenses).

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

12. INTANGIBLE ASSETS

As of June 30, 2022, and 2021, the movement of intangible assets is as follows:

	Software
Cost value	
Balance on January 1, 2021	70,092
Additions	1,470
Balance on June 30, 2021	**71,562**
Balance on January 1, 2022	121,562
Balance on June 30, 2022	**121,562**
Accumulated amortization	
Balance on January 1, 2021	(70,067)
Charge for the period	(144)
Balance on June 30, 2021	**(70,211)**
Balance on January 1, 2022	(75,223)
Charge for the period	(8,410)
Balance on June 30, 2022	**(83,633)**
Net carrying value	
January 1, 2021	25
June 30, 2021	1,351
January 1, 2022	**46,339**
June 30, 2022	**37,929**

As of June 30, 2022, amortization expenses amounting to TRY 8,410 has been recognized in administrative expenses (June 30, 2021: TRY 144).

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

13. GOVERNMENT GRANTS AND INCENTIVES

None.

14. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

The number of cases in which the Group is a party to the lawsuit as of June 30, 2022 is 9 (December 31, 2021: 6) There is no significant lawsuit expected to result out of countenance of the Company.

15. COMMITMENT AND CONTINGENCIES

15.1. CPM are given by the Company

As of June 30, 2022 and December 31, 2021, Company's position related to commitments, pledges, and mortgages ("CPM") are as follows:

CPM are given by the Company	June 30, 2022	December 31, 2021
A. Total amount of CPM is given on behalf of own legal personality	3,153,330,627	2,644,728,903
B. Total amount of CPM is given in favor of subsidiaries which are fully consolidated	1,087,620,479	987,954,174
C. Total amount of CPM is given for assurance of third party's debts to conduct of usual business activities	-	-
D. Total Amount of other CPM	-	-
i. Total amount of CPM is given in favor of parent company	-	-
ii. Total amount of CPM is given in favor of other company companies, which B and C doesn't include	-	-
iii. The amount of CPM is given in favor of third party which C doesn't include	-	-
	4,240,951,106	**3,632,683,077**

Total original amount of foreign currency denominated CPM given on behalf of the Company's own legal personality are EUR 178,052,185 and USD 793,441 as of June 30, 2022 (December 31, 2021: EUR 178,052,185 and USD 793,441). Total original amount of foreign currency denominated other CPM is EUR 44,340,672 as of June 30, 2022 (December 31, 2021: EUR 46,128,698).

As of June 30, 2022 and December 31, 2021, total amount of CPM is given in favor of subsidiaries which are fully consolidated of the Company includes CPMs given only for the subsidiaries owned by 100%.

As of June 30, 2022, total amount of CPM is given in favor of subsidiaries which are fully consolidated of the Company includes securities amount of EUR 34,152,855 and EUR 10,187,817 (December 31, 2021: EUR 34,752,855 and EUR 11,375,843) given for respectively Akfen GT which is 100% subsidiary of Akfen GYO and Severnyi companies which are 100% subsidiaries of Akfen GT as a result of loans used by the companies and amount of TRY 310,678,790 consist of share pledges given by Akfen GT as collateral for the loan used (December 31, 2021: 310,678,790). The CPMs given by the Company are related to the loans for project financing.

15. COMMITMENT AND CONTINGENCIES (cont'd)

15.2. CPM are given by the Company (cont'd)

Operating lease arrangements

As of June 30, 2022, the operating lease agreements of the Company as lessee are as follows:

- The Company signed a rent agreement with the Ministry of Treasury and Finance, on December 4, 2003 to lease a land and for constructing a hotel in Zeytinburnu, Istanbul. The lease term is 49 years starting from November 18, 2002. The lease payment composed of yearly fixed lease payments determined by Ministry of Treasury and Finance and 1% of the total annually revenue generated by the hotel constructed on the land. The lease term of the Treasury land was extended to 49 years as of December 22, 2018 upon the approval of the Company's application to the Ministry of Culture and Tourism. Due to the COVID 19 epidemic, the 1% revenue share to be paid over the revenue of 2020 in May 2021 and the easement payments to be paid in November 2021, has been postponed to November 30, 2022.
- The Company signed a rent agreement with Municipality of Eskişehir on August 8, 2005 to lease an incomplete hotel construction site located at Eskişehir for 22 years starting from February 8, 2007. Related lease agreement is expounded in land registry office. The hotel started to be operated in 2007 after the construction was completed. The lease payment is the annually fixed lease amount determined by the agreement and 5% of the total annually revenue generated by the hotel constructed on the land.
- The Company signed a rent agreement with Trabzon Dünya Ticaret Merkezi A.Ş. on October 30, 2006 to lease a land and to construct a hotel in Trabzon. The lease term is 49 years starting from August 27, 2008.
- The Company signed a rent agreement with Kayseri Chamber of Industry on November 4, 2006 to lease a land and to construct a hotel in Kayseri. The term of the servitude right obtained with this agreement is 49 years starting from March 3, 2010.
- The Company signed a rent agreement with Municipality of Gaziantep on May 31, 2007 to lease a land and to construct a hotel in Gaziantep. The term of the servitude right obtained with this agreement is 30 years starting from December 3, 2009.
- The Company signed a rent agreement with Bursa International Textile Trading Centre Business Cooperative on May 9, 2008 to lease a land and to construct a hotel in Bursa. The lease term is 30 years starting from October 6, 2010.
- The Company signed a rent agreement with Prime Ministry General Directorate of Foundations on September 16, 2010 to lease a land and to construct a hotel in İzmir for 49 years starting from the agreement date. The relevant lease agreement was annotated in the Land Registry Office.
- The Company signed a land rent agreement with State Treasury on December 1, 2013, to establish the right of use and to construct a 5-star holiday village and units in Muğla Province, Bodrum District, Göltürkbükü neighbourhood for 49 years starting from October 1, 2012 to October 1, 2061, for Bodrum Loft Hotel, which the Company added to its portfolio in 2021. The rental amount consists of the fixed rent to be paid annually, determined by the State Treasury, and the rent amounting to 1% of the facility built on it and the total annual revenue of the Company from this facility. This rental agreement was renewed with the Official Deed on March 6, 2019 and extended the rental period until December 21, 2067. Due to the COVID-19 epidemic, 1% revenue share to be paid on the 2020 revenue due in May 2021 has been postponed until November 30, 2022, and the 3rd installment of the allocation fee to be paid on December 25, 2021 has been postponed until November 30, 2022.

15. COMMITMENT AND CONTINGENCIES (cont'd)

15.2. CPM are given by the Company (cont'd)

- The Company signed a rent agreement on December 25, 2020, to be built for the student dormitory, social life centre and parking lot, with a gross indoor area of 67,000 m2, on the 178,651.12 m2 part belonging to the Isparta City Hospital, which is in Isparta Province, Istiklal 2 District, on block 9, parcel 112, that is the Company added to its portfolio in 2021. According to the contract, the lease term is until July 1, 2042.
- The Company signed a rent agreement on July 22, 2016, for the purpose of establishing an easement right to make parking lot and landscaping with a Private Student Dormitory with a closed area of at least 30,000 m2 and a Social Life Centre of at least 2,500 m2 on the 24,878 sqm immovable that the Company added to its portfolio in 2021, which is in Dumlupınar University, located in Kütahya province, Merkez Civli district, plot 25.I.1-2, volume 15, block 102 and 2 parcel. The right of easement is 29 years starting from December 16, 2016, and the rental amount consists of the fixed annual rent determined by Dumlupınar University and the rent amounting to 1% of the facility built on it and the Company's annual total revenue from this facility.

15.3. The Company as lessor

Operating lease arrangements

The operating lease agreements of the Company as lessor as of June 30, 2022 are as follows;

- The Company signed a rent agreement with ACCOR S.A. on November 18, 2005 to lease a hotel which was completed in 2007 and started operations in Eskişehir.
- The Company signed a rent agreement with ACCOR S.A. on December 12, 2005 to lease two hotels which were completed in 2007 and started operations in Istanbul.
- The Company signed a rent agreement with ACCOR S.A. on July 26, 2006 to lease a hotel which was completed and started operations in 2008 in Trabzon.
- The Company signed a rent agreement with ACCOR S.A. on March 24, 2008 to lease two hotels which was completed and started operations in 2010 in Kayseri.
- The Company signed a rent agreement with ACCOR S.A. on March 24, 2008 to lease two hotels which was completed and started operations in 2010 in Gaziantep.
- The Company signed a rent agreement with ACCOR S.A. on July 31, 2009 to lease a hotel which is completed and started operations in 2010 in Bursa.
- The Company signed a rent agreement with ACCOR S.A. on September 7, 2010 to lease a hotel which is completed and start its operations in 2012 in Adana.
- The Company signed a rent agreement with ACCOR S.A. on August 16, 2010 to lease a hotel which was completed at the end of 2012 and starts its operations in beginning of 2013 in Esenyurt.
- The Company signed a rent agreement with ACCOR S.A. on February 2, 2011 to lease a hotel which was completed and starts its operations in 2013 in Izmir.
- The Company signed a rent agreement with ACCOR S.A. on March 28, 2013 to lease a hotel which was completed and starts its operations in 2014 in Ankara Esenboğa.
- The Company signed a rent agreement with ACCOR S.A. on March 1, 2014 to lease a hotel which is planned to complete and starts its operations on July 1, 2017 in Tuzla.

15. COMMITMENT AND CONTINGENCIES (cont'd)

15.3. The Company as lessor (cont'd)

Operating lease arrangements (*cont'd)*

All the eleven agreements have similar clauses described below.

The agreements are signed with Tamaris Turizm operating in Turkey and owned 100% by ACCOR S.A. and ACCOR S.A. has 100% guarantees over these agreements.

The lease term is sum of the period between the opening date of the hotel and the end of that calendar year plus, twenty-five full calendar years with an optional extension of ten years. ACCOR S.A. has the right to terminate the agreement at the end of the fifteenth full fiscal year upon by their mutual agreement. ACCOR S.A. has the right to terminate the agreement if the Company fails to meet the defined completion date (after 6 months additional period over the completion date). In this case, the parties shall be freed of all mutual obligations, and ACCOR S.A. will receive immediate payment of any due amounts upon the date of termination and liquidated damages up to EUR 750,000.

According to Agreement of Nature signed in December 2012, yearly rent amount to be paid by lessee to lessor:

Valid starting from January 1, 2013;
- In Ibis Hotel Zeytinburnu, Ibis Hotel Eskişehir, Ibis Hotel Kayseri, Ibis Hotel Gaziantep, Ibis Hotel Bursa, Ibis Hotel Adana, Ibis Hotel Esenyurt and Ibis Hotel Alsancak İzmir, 25% of gross revenue or the higher of 70% of the Adjusted Gross Operating Profit ("AGOP") pays from Tamaris Turizm A.Ş. to Akfen GYO as a rent.
- In Novotel Zeytinburnu, Novotel Trabzon, Novotel Kayseri ve Novotel Gaziantep, 22% of gross revenue or the higher of 70% of the Adjusted Gross Operating Profit ("AGOP") pays from Tamaris Turizm A.Ş. to Akfen GYO as a rent.
- In Ibis Hotel Ankara Airport, 18% of gross revenue or the higher of 85% of the Adjusted Gross Operating Profit ("AGOP") pays from Tamaris Turizm A.Ş. to Akfen GYO as a rent.

AGOP is calculated as deduction of the Gross Operating Profit ("GOP") corresponds to operational costs borne by ACCOR S.A. and costs corresponding to furniture, fixture, and equipment (FF&E) reserve fund from GOP. Each time that a total of new 500 rooms in Turkey, Russia and Ukraine will be open to the public by Akfen GYO, AGOP ratios in agreements of the hotels in Turkey, except Karaköy and Ankara shall be increased by 2,5%. In any case, rent to be calculated based on AGOP for these hotels shall not exceed 80%. Currently, the AGOP rent ratio which is 70% in Turkey, increased to %72.5 as of 2016. With the new agreement signed on March 18, 2021, the lease agreements of 19 hotels operated by Accor as of January 1, 2021 have been revised so that the rental income is 95% of the operational operating profit (AGOP) of the hotels.

Annual rent is paid quarterly (January, April, July, and October) based on the higher of AGOP ratio or gross revenue ratio actualized in related quarter.

The Company has additional one operating lease arrangements as lessor other than operating lease agreements signed with ACCOR S.A. in Turkey:

- The Group signed a rent agreement for a bar/café and a restaurant in Eskişehir İbis Hotel on on May 11, 2007 and February 1, 2019.
- A commercial area in Kütahya Yurt was rented for 4 years with the contract signed in October 2019, and a commercial area for 2 years with the contract signed in December 2021.

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

16. EMPLOYEE TERMINATION BENEFITS

	June 30, 2022	December 31, 2021
Provision for vacation pay liability-short term	357,788	132,311
Provision for employee termination benefits-long term	412,618	359,111
	770,406	**491,422**

In accordance with existing social legislation in Turkey, leaving due to retirement or resignation and the end of the job for reasons other than misconduct staff is obliged to pay a certain amount of severance pay. These indemnities are calculated based on the wage on the date of the termination of the employment and the salary of 30 days for each year worked (As of June 30, 2022 and December 31, 2021, the ceiling of severance payments is TRY 10,849/year and TRY 8,285/year, respectively).

In accordance with TAS 19 "Employee Benefits", it is required to use actuarial valuation methods in estimating the liability related with current retirement plans of the Company. The Company has calculated the provision for employee termination indemnity using the "Projected Unit Cost Method" in accordance with TAS 19 and based on its experience in the personnel service period completion and obtaining the termination indemnity right and reflected in the financial statements. Provision for employee termination indemnity is calculated by considering the net present value of the total amount of the liability arising due to retirement of all employees.

As of June 30, 2022 and December 31, 2021, the liability is calculated using the following assumptions:

	June 30, 2022	December 31, 2021
Net discount rate	%3.95	%3.95
Anticipated retirement turnover rate	%100.00	%100.00

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied reflects the expected realization of the inflation rate. As the termination indemnity provision is issued every six months, is calculated over the ceiling amounting to TRY 15,371 which is effective from July 1, 2022. (June 30, 2021: TRY 8,285 effective from July 1, 2021).

Movement of provision for employee termination benefits is as follows:

	2022	2021
January 1	359,111	238,653
Interest costs	37,707	7,756
Service costs	17,257	68,291
Actuarial loss/(gain)	(1,457)	(35,528)
June 30	**412,618**	**279,172**

Movement of vacation pay liability is as follows:

	2022	2021
January 1	132,311	51,432
Increase in current period	225,477	42,124
June 30	**357,788**	**93,556**

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

17. PREPAID EXPENSES AND DEFERRED REVENUE

a) Short term prepaid expenses

	June 30, 2022	December 31, 2021
Prepaid expenses	3,647,231	-
Advances given to suppliers	2,798,696	1,040,568
Other	908	16,947
	6,446,835	**1,057,515**

b) Long term prepaid expenses

	June 30, 2022	December 31, 2021
Prepaid expenses	2,954,122	3,713,799
	2,954,122	**3,713,799**

c) Deferred revenue

As of June 30, 2022, amounting to TRY 1,051,012 of the short-term deferred income, which is TRY 1,062,926, (December 31, 2021: TRY 1,098,777) is related with the rent amounts collected in advance for the months and years after the reporting period for the dormitories.

18. OTHER CURRENT / NON-CURRENT ASSETS AND LIABILITIES

a) Other current assets

	June 30, 2022	December 31, 2021
Deferred VAT	7,629,098	16,816,898
Prepaid taxes and funds	377,470	370,797
	8,006,568	**17,187,695**

b) Other non-current assets

	June 30, 2022	December 31, 2021
Deferred VAT	4,069,456	7,474,243
	4,069,456	**7,474,243**

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

19. EQUITY

19.1. Paid in capital

The capital structure as of June 30, 2022 and December 31, 2021 is as follows:

Shareholders	(%)	June 30, 2022	(%)	December 31, 2021
Hamdi Akın	30.55	397,127,739	40.83	530,834,962
Publicly trade [(1)]	24.54	319,010,402	14.25	185,303,179
Akfen Holding	23.94	311,228,585	23.94	311,228,585
Akfen International BV	20.96	272,469,136	20.96	272,469,136
Akınısı Makina Sanayi ve Tic. A.Ş.	<0.001	164,130	<0.001	164,130
Akfen İnşaat	<0.001	8	<0.001	8
Total		**1,300,000,000**		**1,300,000,000**
Inflation adjustments		317,344		317,344
Adjusted equity		**1,300,317,344**		**1,300,317,344**

(1) There are publicly traded shares that are not included in the shares of other shareholders. In addition, the specified amount including 6,233,384 shares (December 31, 2021: 6,233,384 shares), which correspond to 1.81% (December 31, 2021: 1.81%) of the total capital which purchased by Akfen GYO on BIST, has been sold for TRY 26,429,548 on March 19, 2021.

The share company of A, C, D owning 1,000-unit share for each, has the privilege to select 2 nominees for each for the board of directors' member selection. On August 6, 2018, Akfen GYO's 1000 Group A and 1000 Group D shares of Akfen Holding were transferred to Hamdi Akın, the indirect owner of the management control of these shares.

On January 12, 2021, TRY 238,627,431.84 of the Convertible Bond was paid off, and because of the allocated capital increase in accordance with the decision of our Board of Directors dated December 30, 2020 and the approval of the CMB dated January 7, 2021, 59,066,196 new Group B shares were issued, and the Company The capital of Turkey has been increased to TRY 243,066,196.

On February 9, 2021, during the acquisitions of the companies, by providing TRY 450,000,002 of funds, 101,580,136 B group shares (tradable on stock exchange) with a nominal value of TRY 101,580,136 allocated to Hamdi Akın has been issued and the issued capital of the company in amount of TRY 243,066,196 increased to TRY 344,646,332. The process of increasing the Company's issued capital from TRY 344,646.332 to TRY 900,000,000 by using the preferred rights of the existing shareholders by TRY 555,353,668, all in cash, was completed as on August 20, 2021. With this, the process of increasing the Company's paid-in capital from TRY 900,000,000 to TRY 1,300,000,000 by increasing TRY 400,000,000 to be covered by emission premiums was published in the trade registry gazette numbered 10467 on December 7, 2021. As of June 30, 2022, the Company's capital consists of 1,300,000,000 shares(December 31, 2021: 1,300,000,000,TRY 1),each with a nominal value of TRY 1.

Capital Markets Board approval was received on December 30, 2021 to increase the registered capital ceiling from 1,000,000,000 TL to 6,500,000,000 TL, which was decided at the Company's Board of Directors Meeting on December 14, 2021 and the Extraordinary General Assembly Meeting held on January 27, 2022 regarding the aforementioned capital ceiling increase was registered on February 1, 2022 by the Istanbul Trade Registry Office.

19. EQUITY (cont'd)

19.2. Share Premiums

The surplus of sales price over the nominal value of the shares amounted to TRY 58,800,000 during the initial public offering of the shares on May 11, 2011 were accounted as share premium. In addition, the difference in the amount of TRY 528,088,895 due to the addition of the Convertible Bond to the capital in 2021 and the effect of the capital increases made for the acquisitions of the companies, was also accounted as share premiums, and taxes, duties, fees, etc. related to capital increases amounting to TRY 3,803,787 have also been deducted from this item. In addition, the difference of TRY 16,437,579 resulting from the sale of repurchased shares amounting to TRY 9,991,969 on March 29, 2021 for TRY 26,429,548 has been accounted for in this item. The premium amount for the shares amounting to TRY 25,050,000 was taken over by the merger of Isparta Yurt on June 30, 2021. With this; The Company's capital increase amounting to TRY 400,000,000, which took place on December 7, 2021, was covered from share premiums.

19.3. Restricted reserves allocated from profit

As of June 30, 2022, the legal reserve of the Company is TRY 6,178. (December 31, 2021: TRY 6,178). The legal reserves consist of first and second legal reserves, according to the Turkish Commercial Code "TCC"). The TCC stipulates that the first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's historical paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions more than 5% of the historical paid-in share capital. Under TCC, the legal reserves are not available for distribution unless they exceed 50% of the historical paid-in share capital but may be used to offset losses if historical general reserve is exhausted. The premium amount for the shares amounting to TRY 2,031 was taken over by the merger of Isparta Yurt on June 30, 2021.

Accordingly, the inflation adjustments provided for within the framework of TAS/TFRS, for paid-in capital has been presented under inflation adjustment on capital, whereas for share premium and legal reserves and special reserves under restricted reserves inflation effects has been presented under retained earnings. Other equity items have been presented with their TAS/TFRS values.

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

20. REVENUE AND COST OF SALES

For the periods ended June 30, 2022 and 2021, sales and cost of sales are as follows:

	January 1- June 30, 2022	April 1 - June 30, 2022	January 1- June 30, 2021	April 1 - June 30, 2021
Rent income	60,941,063	35,608,097	13,046,261	6,242,701
Dormitory incomes	15,542,602	7,754,809	-	-
Total revenue	**76,483,665**	**43,362,906**	**13,046,261**	**6,242,701**
Insurance expenses	(1,426,751)	(773,401)	(746,074)	(384,637)
Depreciation	(1,066,091)	(533,046)	-	-
Taxes and duties expenses	(571,612)	(276,616)	(325,897)	(161,849)
Outsourced service expenses	(54,015)	(27,685)	-	-
Other	(4,272)	(4,272)	(22,515)	(3,470)
Total cost of sales	**(3,122,741)**	**(1,615,020)**	**(1,094,486)**	**(549,956)**

21. GENERAL ADMINISTRATIVE EXPENSES

For the periods ended June 30, 2022 and 2021, administrative expenses are as follows:

	January 1- June 30, 2022	April 1 - June 30, 2022	January 1- June 30, 2021	April 1 - June 30, 2021
Personnel expenses	2,778,521	924,071	1,239,314	491,149
Consultancy expenses	1,035,279	664,225	587,268	359,577
Outsourced service expenses	181,369	80,818	482,494	163,519
Travel and hosting expenses	137,259	68,465	54,335	19,931
Operating lease expenses	67,422	38,547	49,717	25,041
Tax and duties expenses	53,755	38,834	117,236	35,222
Advertising expenses	49,649	47,314	-	-
Depreciation expense	49,080	24,517	48,899	24,246
Amortization expense	8,410	4,229	144	74
Donations and grants	10	-	185	185
Other	144,710	25,892	124,056	55,386
Total	**4,505,464**	**1,916,912**	**2,703,648**	**1,174,330**

Personnel expenses	January 1- June 30, 2022	April 1 - June 30, 2022	January 1- June 30, 2021	April 1 - June 30, 2021
Wages and salaries	2,306,469	840,571	1,088,759	384,680
Social security premiums	142,216	63,909	47,289	22,803
Severance pay liability	53,507	18,335	40,519	29,624
Other	276,329	1,256	62,747	54,042
Total	**2,778,521**	**924,071**	**1,239,314**	**491,149**

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

22. OTHER OPERATING INCOME/EXPENSES

a) Other operating income

For the periods ended June 30, 2022 and 2021, other operating income are as follows:

	January 1- June 30, 2022	April 1 - June 30, 2022	January 1- June 30, 2021	April 1 - June 30, 2021
Investment property fair value increase, net (Note 10)	865,687,802	865,687,802	-	-
Other	115,256	-	1,777	1,777
Total	**865,803,058**	**865,687,802**	**1,777**	**1,777**

b) Other operating expenses

For the periods ended June 30, 2022 and 2021, other operating expenses are as follows:

	January 1- June 30, 2022	April 1 - June 30, 2022	January 1- June 30, 2021	April 1 - June 30, 2021
Foreign exchange loss	103,540	68,354	121,756	90,969
Other	28,894	15,823	621,424	615,936
Total	**132,434**	**84,177**	**743,180**	**706,905**

23. FINANCIAL INCOME

For the periods ended June 30, 2022 and 2021, financial income are as follows:

	January 1- June 30, 2022	April 1 - June 30, 2022	January 1- June 30, 2021	April 1 - June 30, 2021
Fair value increase of derivative instruments	64,973,239	31,772,071	-	-
Interest income	7,151,608	3,980,745	3,202,389	1,621,209
Foreign exchange gain	-	-	26,516	-
Total	**72,124,847**	**35,752,816**	**3,228,905**	**1,621,209**

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

24. FINANCIAL EXPENSES

For the periods ended June 30, 2022 and 2021, financial expenses are as follows:

	January 1- June 30, 2022	April 1 - June 30, 2022	January 1- June 30, 2021	April 1 - June 30, 2021
Foreign exchange loss	114,671,859	46,763,890	120,295,103	50,711,281
Interest expenses	32,331,808	18,155,316	29,393,333	11,683,742
Other	349,422	180,532	325,902	154,502
Total	**147,353,089**	**65,099,738**	**150,014,338**	**62,549,525**

25. TAX ASSETS AND LIABILITIES

The Company is exempted of corporate income tax pursuant to subparagraph d-4 of article 5 of the Corporate Tax Law. Even if the revenues of real estate investment trusts are subject to withholding tax pursuant to subparagraph 6-a of article 94 of the Income Tax Law, the withholding rate was determined as "0" in the decision of the Council of Ministers numbered 93/5148. Therefore, the Company has no tax liability related to its revenues in the relevant period.

Although the pre-merger earnings of Masanda Turizm and Ispart Yurt companies are subject to tax at legal rates according to the Corporate Tax Law, as of the merger date, current income tax liability of Isparta Yurt amounting to TRY 1,921,281 is included in the individual financial statements. The deferred tax liability recognized in the financial statements of the companies as of the merger date has been derecognised, as REITs are exempt from corporate tax as a result of the merger. (Note 2.6) Although the pre-merger earnings of Masanda Yurt and Ispart Yurt companies are subject to tax at legal rates according to the Corporate Tax Law, the deferred tax liability of TRY 43,228,401, which was recognized in the financial statements of the companies as of the merger date, was derecognized as REITs are exempt from corporate tax as a result of the merger and the related amount was recognized as deferred tax income in the profit or loss statement of the Company as of June 30, 2021.

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise stated.)

26. EARNINGS/(LOSS) PER SHARE

Earnings per share are calculated by dividing net income for the years ended by the weighted average number of shares of the Company during the period. For the periods ended June 30, 2022 and 2021, the loss per share computation are as follows:

	January 1- June 30, 2022	April 1 - June 30, 2022	January 1- June 30, 2021	April 1 - June 30, 2021
Number of shares in circulation				
January 1	1,300,000,000	1,300,000,000	184,000,000	184,000,000
Shares issued for cash	-	-	160,646,332	160,646,332
Closing balance	**1,300,000,000**	**1,300,000,000**	**344,646,332**	**344,646,332**
Weighted average number of shares	1,300,000,000	1,300,000,000	318,281,692	344,646,332
Profit/(loss) for the period	859,297,842	876,087,677	(95,051,419)	(13,887,739)
Earnings/(loss) per share (Full TRY)	0.66	0.67	(0.29)	(0.04)

Dilutive effect

In the calculation of diluted earnings per share presented in the comprehensive income statement, the profit or loss in the share of the ordinary shareholders of the parent company and the weighted average number of shares are adjusted according to the effects of dilutive potential ordinary shares. The profit or loss in the share of the parent shareholders of the parent company is increased by the amount of the post-tax dividend and interest accrued in the period with respect to the potential ordinary shares that are dilutive effects and by any other change resulting from the conversion of potential ordinary shares with dilutive effects and the weighted average of the number of existing ordinary shares is increased by the weighted average of the number of additional ordinary shares with the assumption that all potential ordinary shares with dilution effect are converted. loss per diluted share the calculation for the periods ended June 30, 2022 and 2021 is as follows:

	January 1- June 30, 2022	April 1 - June 30, 2022	January 1- June 30, 2021	April 1 - June 30, 2021
Adjusting amount (Note 5)	-	-	1,234,702	-
Adjusted loss for the period	**859,297,842**	**876,087,677**	**(93,816,717)**	**(13,887,739)**
Number of nominal shares	1,300,000,000	1,300,000,000	318,281,692	344,646,332
Earnings/(losses) per diluted share (Full TRY)	0.66	0.67	(0.29)	(0.04)

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

27. THE FAIR VALUE EXPLANATIONS

The fair value is described as a price that will be obtained from sales of an asset or paid on transfer of a debt, in an ordinary transaction on the date of calculation among the market attendants.

Financial Instruments

The Company has determined the estimated fair values of the financial instruments by employing current market information and appropriate valuation methods. However, interpretation and reasoning are required to estimate the fair values by evaluating the market information. As a result, the estimations presented herein may not be indicative of the amounts that the Company can obtain in a current market transaction.

The following methods and assumptions have been used to estimate the fair value of the financial instruments for which estimation of the fair values in practice is possible:

Financial Assets

It is foreseen that book values of the cash and cash equivalents are close to their fair values since they are short term cash assets.

It is also foreseen that their book values reflect the fair value since the trade receivables are short-term.

It is foreseen that the fair values of the balances in foreign currency that are converted with the period-end rates are close to their book values.

Financial Liabilities

It is considered that fair values of the trade payables and other monetary liabilities approach to the values that they bear since they are short-term.

The bank credits are expressed with their amortized cost values and transactional costs are added into the first cost of the credits. As the floating rate bank credits of the Company have been repriced in the recent history, it is considered that its fair values reflect the value that they bear.

Classes and fair values of financial instruments

June 30, 2022	**Credits and receivables (including cash and cash equivalents)**	**Financial liabilities increasing in value with the effective interest method**	**Book value**	**Fair Value**	**Note**
Financial Assets					
Cash and cash equivalents	**33,197,457**	**-**	**33,197,457**	**33,197,457**	**4**
Trade receivables - current	**41,504,492**	**-**	**41,504,492**	**41,504,492**	**7**
Trade receivables – non-current	**218,798,118**	**-**	**218,798,118**	**218,798,118**	**7**
Other receivables - current	**8,600,398**	**-**	**8,600,398**	**8,600,398**	**8**
Other receivables – non-current	**161,866**	**-**	**161,866**	**161,866**	**8**
Derivative instruments	**59,803,901**	**-**	**59,803,901**	**59,803,901**	**6**
Financial Liabilities					
Financial liabilities	**-**	**962,710,236**	**962,710,236**	**962,710,236**	**5**
Trade payables	**-**	**9,402,727**	**9,402,727**	**9,402,727**	**7**
Other payables	**-**	**591,612**	**591,612**	**591,612**	**8**

December 31, 2021	Credits and receivables (including cash and cash equivalents)	Financial liabilities increasing in value with the effective interest method	Book value	Fair Value	Note
Cash and cash equivalents	45,341,273	-	45,341,273	45,341,273	4
Trade receivables - current	29,180,871	-	29,180,871	29,180,871	7
Trade receivables – non-current	161,876,961	-	161,876,961	161,876,961	7
Other receivables - current	2,794,338	-	2,794,338	2,794,338	8
Other receivables – non-current	14,793,993	-	14,793,993	14,793,993	8
Financial Liabilities					
Financial liabilities	-	850,023,346	850,023,346	850,023,346	5
Trade payables	-	5,547,706	5,547,706	5,547,706	7
Other payables	-	4,690,114	4,690,114	4,690,114	8
Derivative instruments	-	5,169,338	5,169,338	5,169,338	6

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

27. THE FAIR VALUE EXPLANATIONS (cont'd)

Non-Financial Assets

The real estate appraisal reports that are prepared by the real estate valuation company authorized by the CMB are based on while determining the fair values of the investment real estates which are measured with their fair values in the financial statements (Note 9). As of June 30, 2022 and December 31, 2021, the fair values of investment properties include the appraisal report values of the relevant periods and the investments made until the reporting period.

The fair value classifications of the non-financial assets which are calculated with their fair values are as follows:

June 30, 2022			**Fair Value Level**
	Level 1 TRY	**Level 2 TRY**	**Level 3 TRY**
Operating investment properties	-	-	**3,764,890,000**

December 31, 2021			**Fair Value Level**
	Level 1 TRY	**Level 2 TRY**	**Level 3 TRY**
Operating investment properties	-	-	**2,898,660,000**

The fair value of the assets and liabilities are determined as follows:

- First level: It increases in value from the stock exchange prices that are traded on the active market in terms of the identical assets and liabilities.
- Second level: It increases in value from the inputs which are used to find the price that can be directly or indirectly observed other than the stock exchange rate of the related asset or liability which is specified in the first level.
- Third Level: It increases in value from the inputs which are used to find the fair value of the asset or liability and which do not depend on any observable data in the market.

The fair values of the investment real estates on the sector basis, and the methods that are used to identify the fair values and significant unobservable assumptions are as follows:

	June 30, 2022	December 31, 2021	**Valuation method**	**Unobservable significant inputs**	Weighted average amount June 30, 2022	Weighted average amount December 31, 2022
				* Villa daily fee (per day)-EUR	36	34
Hotel				* Room price (per day) – EUR	603	603
Level 3	**3,211,990,000**	2,462,050,000	Discounted cash flows	* Occupancy rate (*)	%76	%70
Dormitory Level 3	**552,900,000**	436,610,000	Discounted cash flows	* Total bed number	7,232	7,232

(*) It is excluding Bodrum Loft. In the valuation report dated June 30, 2022, the average occupancy rate for the 6-month season period in which Bodrum Loft is in operation throughout the year has been assessed as 97% (December 31, 2021: 97%).

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

27. THE FAIR VALUE EXPLANATIONS (cont'd)

Discounted cash flows (DCF)

The fair value of an asset under the discounted cash flows is estimated by referring to the net assumptions on the benefits and liabilities of the property including the output and final value. This estimation includes estimation of a series of cash flow and a discount rate depending on an appropriate market is applied to create the current value of the income flow.

Period of the cash flow and certain schedule of the inputs and outputs are determined by events such as review of the rents, renewal of the lease contracts and relative rental periods, rent again, re-development and renewal.

The costs incurred during the development of the assets and constructional costs, development costs and anticipated sales revenue will be estimated to reach a series of net cash flow which is discounted over the additional development and marketing expenditures that are foreseen for duration of the rent. Certain development risks such as planning, licenses, zoning permits should be separately evaluated.

Discount rate:

Used to reduce net cash flows (estimated up to 40 years) from rental activities during the analysis period.

Level 3 sensitivity analysis of significant changes in unobservable inputs used in fair value calculations

Significant unobservable inputs used in the appraisal study, which are evaluated as Level 3 in terms of measurement bases in determining the fair value of the Company's completed investment properties, are as follows:

• Leasable area (m2) (Office)
• Discount rate
• Annual rate of increase in room rate
• Occupancy rate (annual)

The sensitivity analysis for the unobservable inputs which are used in measurement of the fair values of the active and ongoing investment real estates of the Company is as follows:

		If it increases	If it decreases
June 30, 2022	**Sensitivity Analysis**	**Profit/(loss) effect on the fair value (TRY)**	**Profit/(loss) effect on the fair value (TRY)**
Hotel			
Discount rate	0.50%	(118,029,830)	132,099,611
Room price	1 Avro	50,433,701	(50,800,758)
Occupancy rate	1%	29,217,777	(29,364,600)
Dormitory			
Discount rate	%0.5	(16,770,000)	17,600,000
Bodrum Loft			
Discount rate	%0.5	40,819,735	(36,650,911)
Room price	%10	734,115	(734,115)
Occupancy rate	%1	5,432,451	(5,432,451)

		If it increases	If it decreases
December 31, 2021	**Sensitivity Analysis**	**Profit/(loss) effect on the fair value (TRY)**	**Profit/(loss) effect on the fair value (TRY)**
Hotel			
Discount rate	0.50%	(94,311,754)	102,152,102
Room price	1 Avro	49,883,114	(50,316,242)
Occupancy rate	1%	28,579,097	(28,725,920)
Dormitory			
Discount rate	%0.5	(15,856,884)	16,590,999
Bodrum Loft			
Discount rate	%0.5	(30,979,653)	34,503,405
Room price	%10	50,360,289	(50,360,289)
Occupancy rate	%1	5,285,628	(5,138,805)

28. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS

(i) Genel

The Company exposed to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk
- operational risk

This note presents information about the Company's exposure to each of the above risks and explains the Company's objectives, policies, and processes for measuring and managing risks, and the Company's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Company's risk management vision is defined as, identifying variables and uncertainties that will impact the Company's objectives, conducting proactively and managing through the most appropriate steps, supervising the implementation of steps in line with the shareholders' risk preference.

Corporate Risk Management activities are executed within the Company in the following fields:

- Determining risk management standards and policies,
- Developing a uniform risk management-oriented work culture and capabilities,
- Conducting risk analysis of existing and potential investments,
- Creating a senior administration vehicle reporting on the risks of new investments of a company, sector, or company
- Determining risk limitations and action plans,
- Supporting the implementation of these action plans,
- Supporting strategic processes with a risk management approach.

The Board of Directors ("BOD") has overall responsibility for the establishment and oversight of Akfen GYO's risk management framework.

Board of Directors states the risk options and ensures performing of the risk management implementations. Akfen GYO's BOD has the ultimate responsibility for Corporate Risk Management.

28. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

(ii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers and investment securities.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Company's customer base, including the default risk of the industry and country in which customers operate has an influence on credit risk. Since the Company operates in real estate businesses geographically the concentration of credit risk for the Company's entities operating in the mentioned businesses are mainly in Turkey and Russia.

In monitoring customer credit risk, customers are companied according to their credit characteristics, geographic location, industry, ageing profile, maturity, and existence of previous financial difficulties.

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, and interest rates, will affect the Company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk

The Company is exposed to currency risk on various foreign currency denominated income and expenses and resulting receivables, payables and borrowings that are denominated in a currency other than the respective functional currencies of Company entities.

In respect of monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

To minimize risk arising from foreign currency denominated balance sheet items, the Company keeps part of its idle cash in foreign currencies.

The Company keeps cash in USD, EUR, and TRY to manage the foreign currency risk.

The Company realizes the medium- and long-term bank borrowings in the currency of project revenues. Additionally, the Company realizes short term bank borrowings in TRY, USD, and EUR in balance by pooling/ portfolio model.

28. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

(iv) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Typically, the Company's entities ensure that they have sufficient cash on demand to meet expected operational expenses in terms of the relevant characteristics of the businesses they operate, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

(v) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology, and infrastructure, and from external factors other than credit, market, and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all the Company's operations.

The Company's objective is to manage operational risk to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorization of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

28. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Capital management

The Company manages its capital by minimizing the investment risk through portfolio diversification. The Company's objective: is to ensure its continuity as an income-generating business, look after interests of shareholders and corporate members besides to ensure sustainability of its efficient capital structure by reducing cost of capital and continuing net debt-to-equity rate at market averages.

The Company's goals for capital management are to provide return to its members and benefit to other stakeholders besides to have the Company to protect its ability for conducting its activity for preserving the most suitable capital structure to reduce the cost of capital.

For preserving its capital structure or reorganizing it, the Company determines dividend amounts to be paid to members, may issue new shares, and may sell assets to restrict borrowings.

As of June 30, 2022 and December 31, 2021, the net debt-to-invested capital rate is given below:

	June 30, 2022	December 31, 2021
Total liabilities	984,338,359	877,510,376
Cash and cash equivalents	(33,197,457)	(45,341,273)
Net liabilities	**951,140,902**	**832,169,103**
Equity	3,532,976,672	2,673,678,830
Total capital	**4,484,117,574**	**3,505,847,933**
Net liabilities/ total equity rate	**%21**	**%24**

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

28. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

28.1. Credit risk disclosures

The ownership of the financial assets brings the risk of not meeting the obligations of the agreement of the counter party.

The maximum exposure to credit risk as June 30, 2022 and December 31, 2021, is as follows:

		Receivables					
		Trade receivables		**Other receivables**			
	June 30, 2022	**Related party**	**Third party**	**Related party**	**Third party**	**Deposits on bank**	**Other**
	Exposure to maximum credit risk as of reporting date (A+B+C+D)	**222,668,284**	**37,634,326**	**-**	**8,762,264**	**33,148,524**	**61**
	- The portion of maximum risk covered by guarantee	-	-	-	-	-	-
A	Net carrying value of financial assets which are neither impaired nor overdue	222,668,284	37,634,326	-	8,762,264	33,150,061	61
B	Net carrying value of financial assets which are overdue but not impaired	-	-	-	-	-	-
C	Net carrying value of impaired assets	-	-	-	-	(1,537)	-
	- Overdue (gross book value)	-	-	-	-	-	-
	- Impairment (-)	-	-	-	-	-	-
	- Covered portion of net book value (with letter of guarantee etc.)	-	-	-	-	-	-
	- Undue (gross book value)	-	66,591	-	-	-	-
	- Impairment (-)	-	*(66,591)*	-	-	*(1,537)*	-
	- Covered portion of net book value (with letter of guarantee etc.)	-	-	-	-	-	-
D	Off balance sheet items with credit risks	-	-	-	-	-	-

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

28. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

28.1. Credit risk disclosures (cont'd)

		Receivables					
		Trade receivables		Other receivables			
	December 31, 2021	**Related party**	**Third party**	**Related party**	**Third party**	**Deposits on bank**	**Other**
	Exposure to maximum credit risk as of reporting date (A+B+C+D)	**169,070,413**	**21,987,419**	**-**	**17,588,331**	**45,299,891**	**61**
	- The portion of maximum risk covered by guarantee	-	-	-	-	-	-
A	Net carrying value of financial assets which are neither impaired nor overdue	169,070,413	21,987,419	-	17,588,331	45,302,451	61
B	Net carrying value of financial assets which are overdue but not impaired	-	-	-	-	-	-
C	Net carrying value of impaired assets	-	-	-	-	(2,560)	-
	- Overdue (gross book value)	-	-	-	-	-	-
	- Impairment (-)	-	-	-	-	-	-
	- Covered portion of net book value (with letter of guarantee etc.)	-	-	-	-	-	-
	- Undue (gross book value)	-	74,781	-	-	-	-
	- Impairment (-)	-	*(74,781)*	-	-	*(2,560)*	-
	- Covered portion of net book value (with letter of guarantee etc.)	-	-	-	-	-	-
D	Off balance sheet items with credit risks	-	-	-	-	-	-

As of June 30, 2022 and December 31, 2021, the Company does not have any financial assets which are overdue but not impaired.

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

28. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

28.2. Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements. The table analyses the financial liabilities of the Company by companying the terms. The contractual cash flow is not discounted:

June 30, 2022:

Contractual maturities	Book value	Contractual cash flows (I)+(II)+(III)+(IV)	3 months or less (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities						
Financial liabilities	962,710,236	1,650,474,931	43,642,781	69,846,146	458,201,117	1,078,784,887
Trade payables	19,150,131	19,150,131	9,402,727	-	9,747,404	-
Other payables and liabilities (monetary items)	592,410	592,410	592,410	-	-	-

December 31, 2021:

Contractual maturities	Book value	Contractual cash flows (I)+(II)+(III)+(IV)	3 months or less (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities						
Financial liabilities	850,023,346	1,456,103,769	32,619,495	55,785,710	373,880,583	993,817,981
Trade payables	16,025,466	16,025,466	5,547,706	-	10,477,760	-
Other payables and liabilities (monetary items)	4,690,114	4,690,114	4,690,114	-	-	-

Since taxes and funds payable and social security premiums payable are non-financial liabilities, they are not included in other payables.

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

28. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

28.3. Market risk

a) Foreign currency position table and sensitivity analysis

June 30, 2022 **Foreign currency position**		**TRY Equivalent (Functional currency)**	**US Dollar**	**EUR**	**GBP**	**RUB**
1	Trade receivables	-	-	-	-	-
2a	Monetary financial assets (cash and bank accounts included)	32,308,011	79,951	1,783,236	46	-
2b	Non-monetary financial assets	-	-	-	-	-
3	Other	-	-	-	-	-
4	**Current assets (1+2+3)**	**32,308,011**	**79,951**	**1,783,236**	**46**	**-**
5	Trade receivables	183,106,388	-	10,541,470	-	-
6a	Monetary financial assets	59,803,899	-	3,442,922	-	-
6b	Non-monetary financial assets	-	-	-	-	-
7	Other	-	-	-	-	-
8	**Non-current assets (5+6+7)**	**242,910,287**	**-**	**13,984,392**	**-**	**-**
9	**Total assets (4+8)**	**275,218,298**	**79,951**	**15,767,628**	**46**	**-**
10	Trade payables	1,375,715	250	78,818	-	-
11	Financial liabilities	80,628,404	172,092	4,468,373	-	-
12a	Other monetary financial liabilities	-	-	-	-	-
12b	Other non-monetary financial liabilities	-	-	-	-	-
13	**Short-term liabilities (10+11+12)**	**82,004,119**	**172,342**	**4,547,191**	**-**	**-**
14	Trade payables	-	-	-	-	-
15	Financial liabilities	860,959,529	1,151,056	48,372,360	-	-
16a	Other monetary financial liabilities	-	-	-	-	-
16b	Other non-monetary financial liabilities	-	-	-	-	-
17	**Long-term liabilities (14+15+16)**	**860,959,529**	**1,151,056**	**48,372,360**	**-**	**-**
18	**Total liabilities (13+17)**	**942,963,648**	**1,323,398**	**52,919,551**	**-**	**-**
19	**Net asset / (liability) position of off-balance sheet items (19a-19b)**	**-**	**-**	**-**	**-**	**-**
19a	**Amount of derivative off-balance sheet items in foreign currency in asset characteristics**	**-**	**-**	**-**	**-**	**-**
19b	**Amount of off derivative-balance sheet items in foreign currency in liability characteristics**	**-**	**-**	**-**	**-**	**-**
20	**Net foreign currency position (9-18+19)**	**(667,745,350)**	**(1,243,447)**	**(37,151,923)**	**46**	**-**
21	**Net foreign currency position of monetary assets / (liabilities) (1+2a+5+6a-10-11-12a-14-15-16a)**	**(667,745,350)**	**(1,243,447)**	**(37,151,923)**	**46**	**-**
22	**Fair value of the financial instruments used in foreign currency hedging**	**-**	**-**	**-**	**-**	**-**
23	**Amount of foreign currency assets hedged**	**-**	**-**	**-**	**-**	**-**
24	**Amount of foreign currency liabilities hedged**	**-**	**-**	**-**	**-**	**-**

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise stated.)

28. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (cont’d)

28.3. Market risk (cont’d)

Foreign currency position table and sensitivity analysis (cont’d)

December 31, 2021 **Foreign currency position**		**TRY Equivalent (Functional currency)**	**US Dollar**	**EUR**	**GBP**	**RUB**
1	Trade receivables	347,897	-	23,695	-	-
2a	Monetary financial assets (cash and bank accounts included)	44,518,153	126,808	2,919,958	46	-
2b	Non-monetary financial assets	-	-	-	-	-
3	Other	-	-	-	-	-
4	**Current assets (1+2+3)**	**44,866,050**	**126,808**	**2,943,653**	**46**	**-**
5	Trade receivables	149,871,310	-	10,207,618	-	-
6a	Monetary financial assets	-	-	-	-	-
6b	Non-monetary financial assets	-	-	-	-	-
7	Other	-	-	-	-	-
8	**Non-current assets (5+6+7)**	**149,871,310**	**-**	**10,207,618**	**-**	**-**
9	**Total assets (4+8)**	**194,737,360**	**126,808**	**13,151,271**	**46**	**-**
10	Trade payables	4,983	384	-	-	-
11	Financial liabilities	66,967,808	175,017	4,406,430	-	-
12a	Other monetary financial liabilities	-	-	-	-	-
12b	Other non-monetary financial liabilities	-	-	-	-	-
13	**Short-term liabilities (10+11+12)**	**66,972,791**	**175,401**	**4,406,430**	**-**	**-**
14	Trade payables	-	-	-	-	-
15	Financial liabilities	761,318,311	1,426,853	50,591,619	-	-
16a	Other monetary financial liabilities	5,169,344	-	352,080	-	-
16b	Other non-monetary financial liabilities	-	-	-	-	-
17	**Long-term liabilities (14+15+16)**	**766,487,655**	**1,426,853**	**50,943,699**	**-**	**-**
18	**Total liabilities (13+17)**	**833,460,446**	**1,602,254**	**55,350,129**	**-**	**-**
19	**Net asset / (liability) position of off-balance sheet items (19a-19b)**	**-**	**-**	**-**	**-**	**-**
19a	**Amount of derivative off-balance sheet items in foreign currency in asset characteristics**	**-**	**-**	**-**	**-**	**-**
19b	**Amount of off derivative-balance sheet items in foreign currency in liability characteristics**	**-**	**-**	**-**	**-**	**-**
20	**Net foreign currency position (9-18+19)**	**(638,723,086)**	**(1,475,446)**	**(42,198,858)**	**46**	**-**
21	**Net foreign currency position of monetary assets / (liabilities) (1+2a+5+6a-10-11-12a-14-15-16a)**	**(638,723,086)**	**(1,475,446)**	**(42,198,858)**	**46**	**-**
22	**Fair value of the financial instruments used in foreign currency hedging**	**-**	**-**	**-**	**-**	**-**
23	**Amount of foreign currency assets hedged**	**-**	**-**	**-**	**-**	**-**
24	**Amount of foreign currency liabilities hedged**	**-**	**-**	**-**	**-**	**-**

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

28. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

28.3. Market risk (cont'd)

Foreign currency position table and sensitivity analysis (cont'd)

Foreign currency sensitivity analysis

June 30, 2022:

	Profit / (Loss)	
	Appreciation of foreign currency	**Depreciation of foreign currency**
20% change of the USD against TRY		
1- Net USD denominated asset/liability	(4,150,974)	4,150,974
2- Hedged portion of TRY against USD risk (-)	-	-
3- Net effect of USD (1+ 2)	**(4,150,974)**	**4,150,974**
4- Net Euro denominated asset/liability	(129,299,095)	129,299,095
5- Hedged portion of TRY against Euro risk (-)	-	-
6- Net effect of Euro (4+5)	**(129,299,095)**	**129,299,095**
20% change of other foreign currencies against TRY		
7- Net other foreign currencies denominated asset/liability	186	(186)
8- Hedged portion of TRY against other currencies risk	-	-
9- Net effect of other foreign currencies (7+8)	**186**	**(186)**
TOTAL (3+6+9)	**(133,449,883)**	**133,449,883**

December 31, 2021:

	Profit / (Loss)	
	Appreciation of foreign currency	**Depreciation of foreign currency**
20% change of the USD against TRY		
1- Net USD denominated asset/liability	(3,829,520)	3,829,520
2- Hedged portion of TRY against USD risk (-)	-	-
3- Net effect of USD (1+ 2)	**(3,829,520)**	**3,829,520**
4- Net Euro denominated asset/liability	(123,915,259)	123,915,259
5- Hedged portion of TRY against Euro risk (-)	-	-
6- Net effect of Euro (4+5)	**(123,915,259)**	**123,915,259**
20% change of other foreign currencies against TRY		
7- Net other foreign currencies denominated asset/liability	161	(161)
8- Hedged portion of TRY against other currencies risk	-	-
9- Net effect of other foreign currencies (7+8)	**161**	**(161)**
TOTAL (3+6+9)	**(127,744,618)**	**127,744,618**

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

28. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b) Interest rate risk table and sensitivity analysis

The interest rate profile of the Company's interest-bearing financial instruments is as follows:

	June 30, 2022	December 31, 2021
Fixed rate instruments		
Financial assets	829,029	-
Financial liabilities	687,966,752	603,775,614
Variable rate instruments		
Financial liabilities	229,322,251	201,258,538

Fair value sensitivity analysis for fixed rate instruments

The Company has financial assets or liabilities at fair value through profit or loss and derivative financial instruments (interest swap transactions) for fair value hedging purposes. On November 11, 2021, for 75% of the Company's loans, an interest rate swap transaction was made for euribor at a rate of 0.673% until the loan maturity (Note 6). After the early loan closure in 2022, this rate was 77%.

Cash flow sensitivity analysis for variable rate instruments

The floating interest loans which are classified by the Group as the financial liabilities in the consolidated financial statement are exposed to the interest risk depending on the interest changes.

The following table shows the sensitivity of the Group about the effect of the interest rates on the profit (loss) for a possible change (0.01%) when all other factors remain as fixed. As of June 30, 2022 and December 31, 2021, the mentioned calculation has been made for the portion that is not included in the Group's interest rate swap transaction.

Euribor	**Increase / (Decrease)**	**Effect profit / (loss) before tax**
June 30, 2022	**(0.01%)**	**257,842**
	0.01%	**31,533**

Euribor	Increase / (Decrease)	Effect profit / (loss) before tax
December 31, 2021	(0.01%)	115,190
	0.01%	(115,190)

29. FINANCIAL INSTRUMENTS

29.1. Fair value risk

The fair value of an asset is the amount at which that asset could be bought or sold in a current transaction between willing parties.

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities.

Following assumptions and methods are used to estimate fair value of financial instruments if fair values are applicable. The assumptions used in determining the fair value of the related assets and liabilities are disclosed in the related notes.

29. FINANCIAL INSTRUMENTS (cont'd)

29.1. Fair value risk (cont'd)

Financial assets

The Company assumes that the carrying value of cash equivalents are close to their fair value because of their short-term nature and insignificant amount of impairment risk. Trade receivables after netting the allowance for doubtful receivables are close to their fair value due to short-term nature.

Financial liabilities

The Company assumes that the carrying value of the trade payables and other liabilities are close to their fair value because of their short-term nature. Bank borrowings are measured with their amortized cost value and transaction costs are added to their acquisition costs.

30. SUBSEQUENT EVENTS

None.

31. OTHER MATTERS THAT MAY HAVE A SIGNIFICANT EFFECT ON THE FINANCIAL STATEMENTS OR BE EXPLAINED FOR THE CLEAR, INTERPRETABLE AND UNDERSTANDABLE OF FINANCIAL STATEMENTS

The Company management monitors the developments regarding the events that started between Russia and Ukraine at the end of February 2022 and continues to evaluate the possible effects of this situation on the Group's activities and financial situation. The operations of Akfen REIT's hotels in Russia, which are accounted for as the Group's investments acoounted by the equity method, continue, and its tenants in the Samara Office building, also in Russia, continue to operate.

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

APPENDIX: COMPLIANCE CONTROL ON PORTFOLIO LIMITATIONS

The Company's control of compliance of the portfolio limits according to the CMB Communiqué Serial: III, No. 48.1 "Communiqué on Principles Regarding Real Estate Investment Trusts" is as follows:

	Unconsolidated (separate) financial statement main account items	Related Regulation	June 30, 2022	December 31, 2021
A	Cash and capital market instruments	III-48.1. S/N 24 / (b)	33,197,457	45,341,273
B	Investment properties, investment property-based projects, investment property-based rights	III-48.1. S/N 24 / (a)	3,808,629,717	2,941,512,905
C	Participations	III-48.1. S/N 24 / (b)	322,123,912	322,123,912
	Due from related parties (non-trade)	III-48.1. S/N 23 / (f)	-	-
	Other assets		353,363,945	242,211,116
D	**Total assets**	**III-48.1. S/N 3 / (p)**	**4,517,315,031**	**3,551,189,206**
E	Financial liabilities	III-48.1. S/N 31	917,289,003	805,034,149
F	Other financial liabilities	III-48.1. S/N 31	45,421,234	44,989,197
G	Finance lease liabilities	III-48.1. S/N 31	-	-
H	Due to related parties (non-trade)	III-48.1. S/N 23 / (f)	-	-
I	Shareholders' equity	III-48.1. S/N 31	3,532,976,672	2,673,678,830
	Other liabilities		21,628,122	27,487,030
D	**Total liabilities and equity**	**III-48.1. S/N 3 / (p)**	**4,517,315,031**	**3,551,189,206**

	Unconsolidated (separate) other financial information	Related Regulation	June 30, 2022	December 31, 2021
A1	Cash and capital market instruments held for payments of investment properties for 3 years	III-48.1. S/N 24 / (b)	-	-
A2	Time / demand TRY / foreign currency	III-48.1. S/N 24 / (b)	33,148,585	45,299,952
A3	Foreign capital market instruments	III-48.1. S/N 24 / (d)	-	-
B1	Foreign investment property, investment property-based projects, investment property-based rights	III-48.1. S/N 24 / (d)	-	-
B2	Idle lands	III-48.1. S/N 24 / (c)	-	-
C1	Foreign subsidiaries	III-48.1. S/N 24 / (d)	-	-
C2	Participation to the operator company	III-48.1. S/N 28/1(a)	-	-
J	Non-cash loans	III-48.1. S/N 31	785,089,979	687,828,833
K	Pledges on land not owned by the Investment Trust which will be used for project developments	III-48.1. S/N 22 / (e)	-	-
L	Money and capital market instrument Investments held on One Unique Company	III-48.1. S/N 22 / (I)	-	-

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise stated.)

APPENDIX: COMPLIANCE CONTROL ON PORTFOLIO LIMITATIONS (cont'd)

	Portfolio Constraints Related Regulation	Portfolio Constraints Related Regulation	Current Period	Previous Year	Minimum/ Maximum Ratio
1	Pledges on Land not Owned by the Investment Trust which will be Used for Project Developments	III-48.1. S/N 22 / (e)	%0.00	%0.00	<%10
2	Investment Property, Investment Property Based Projects, Investment Property Based Rights	III-48.1. S/N 24 / (a). (b)	%84.31	%82.83	>%51
3	Cash and Capital Market Instruments and Participations	III-48.1. S/N 24 / (b)	%7.87	%10.35	<%50
4	Foreign Investment Property, Investment Property based Projects, Investment Property Based Rights, Participations, Capital Market Instruments	III-48.1. S/N 24 / (d)	%7.13	%9.07	<%50
5	Idle Lands	III-48.1. S/N 24 / (c)	%0.00	%0.00	<%20
6	Participation to the Operator Company	III-48.1. S/N 28 / 1(a)	%0.00	%0.00	<%10
7	Borrowing Limit	III-48.1. S/N 31	%52.33	%57.52	<%500
8	Time / Demand TRY / Foreign Currency	III-48.1. S/N 24 / (b)	%0.73	%1.28	<%10
9	Money and capital market instrument Investments held on One Unique Company	III-48.1. S/N 22 / (I)	%0.00	%0.00	<%10

Presented information in the footnote of "Compliance Control on Portfolio Limitations" as of June 30, 2022 and December 31, 2021, in accordance with Capital Markets Board's Communiqué Serial: II, No: 14.1 "Financial Reporting in Capital Markets" Amendment No: 16 comprised condensed information and prepared in accordance with Capital Markets Board's Communiqué Serial: III, No: 48.1"Real Estate Investment Company" published in the Official Gazette dated May 28, 2013 numbered 28660. In addition, since the information given "Restrictions on the Investment Portfolio of Real Estate Investment" comprise unconsolidated data; such information may not match with the information disclosed in the consolidated financial statements and in the Official Gazette No. 28891 on January 23, 2014 published in the "Communiqué on Principles Regarding Real Estate Investment Trusts" with Series: III, No: 48.1a. The provisions of the Communiqué on Making Amendments regarding the control of compliance with portfolio limitations. It has been prepared within the framework.